



OHIO AUDITOR OF STATE  
**KEITH FABER**





**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION  
HIGHLAND COUNTY  
DECEMBER 31, 2023 AND 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## REPORT ON THE FINANCIAL STATEMENTS, INTERNAL CONTROL, AND COMPLIANCE

Highland County Community Improvement Corporation  
Highland County  
100 North High Street  
PO Box 10  
Hillsboro, Ohio 45133

To the Board of Directors:

We have selectively tested certain accounts, financial records, reports and other documentation of the Highland County Community Improvement Corporation, Highland County, (the Corporation), as of and for the years ended December 31, 2023 and 2022. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

### ***Internal Control Over Financial Reporting***

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2023-001 through 2023-008 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

### ***Compliance and Other Matters***

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the Corporation, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2023-009 through 2023-012.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio  
October 23, 2024

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COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

CURRENT ASSETS

Merchants Checking	\$	4,410
Merchants- CIC ccount		<u>416,415</u>

TOTAL CURRENT ASSETS		420,825
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PROPERTY AND EQUIPMENT, net		-
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TOTAL ASSETS	\$	<u><u>420,825</u></u>
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LIABILITIES AND NET ASSETS

TOTAL LIABILITIES

NET ASSETS

Net Assets without donor restrictions		420,825
Net Assets with donor restrictions		-

TOTAL NET ASSETS		<u>420,825</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>420,825</u></u>
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**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2023

OPERATING ACTIVITIES

REVENUES AND OTHER SUPPORT

Interest	211
	<u>211</u>

EXPENSES:

Building Management	-
General and Administrative	6,553
	<u>6,553</u>

Loss on Disposition of Assets

CHANGE IN NET ASSETS \$ (6,342)

NET ASSETS, beginning of year	509,957
Prior period adjustment	(82,790)
ADJUSTED NET ASSETS, beginning of year	<u>427,167</u>

NET ASSETS, end of year	<u>\$ 420,825</u>
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**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2023

	Building Management	General & Administrative	Totals
Bank Service Charges	\$ -	\$ -	\$ -
Contract Services Labor	-	-	-
Building Management	-	-	-
Interest Expense	-	-	-
Janitorial	-	-	-
Licenses and permits	-	-	-
Meeting Expense	-	119	119
Pest Control	-	-	-
Professional Fees	-	6,434	6,434
Property Maintenance	-	-	-
Property Tax	-	-	-
Repairs & Maintenance	-	-	-
Trash Removal	-	-	-
Utilities	-	-	-
	-	6,553	6,553
Depreciation	-	-	-
	-	-	-
<b>TOTAL EXPENSES</b>	<b>\$ -</b>	<b>\$ 6,553</b>	<b>\$ 6,553</b>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF CASH FLOWS**

For the years ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ (6,342)
Prior period adjustment	(82,790)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	-
Accounts receivable	-
Accounts payable	-
Deferred Revenues	-
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(89,132)
INVESTING ACTIVITIES	
Sale of assets	-
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes and payable	-
Proceeds from notes and leases payable	-
	<hr/>
NET CASH USED BY FINANCING ACTIVITIES	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(89,132)
BEGINNING CASH AND CASH EQUIVALENTS	509,957
ENDING CASH AND CASH EQUIVALENTS	<hr/> <u>\$ 420,825</u>

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

### NOTE 1-REPORTING ENTITY

#### ORGANIZATION

The Community Improvement Corporation of Highland County, Highland Ohio (the Corporation), is an Ohio corporation established under sections 1724.01 et seq. of the Ohio Revised Code for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial and civic development of Highland County. The Corporation is a legally, separate, non-profit organization, served by a board comprised of County officials and community representatives.

The Corporation was created to advance, encourage, and promote the industrial, economic, commercial and civic development of Highland County and the surrounding community in whatever way and by such means as will improve the normal growth, employment opportunities, and the stability of employment in existing industries. The Corporation is empowered with the ability to carry out the actions it considers necessary to achieve its mission.

### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

#### **Basis of Accounting**

The financial statements of the Corporation have been prepared on the accrual basis of accounting principles generally accepted in the United States of America (GAAP) as applied to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for non-profit organizations. Financial statements prepared under GAAP require the use of estimates that may differ from actual.

#### **Basis of Presentation**

The financial statements of Community Improvement Corporation of Highland County have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing business condominium management. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

### **Cash and cash equivalents**

The Corporation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for amounts that would be invested for long-term purposes.

### **Concentrations of credit risk**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Corporation maintains its cash and cash equivalent accounts in one bank that exceeds federally insured limits. The Corporation's cash and cash equivalents have been placed with high credit quality financial institutions. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts.

At December 31, 2023 the bank account balances exceeded that amount covered by FDIC insurance by \$ 170,825.

### **Accounts Receivable**

The Corporation's accounts receivable are operating receivables due from tenants of the business condominiums for the maintenance, repairs and expenses of the building.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

### **Tax Status**

The Corporation has qualified for a tax exemption under section 501 C (4) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

### **Property and equipment, net**

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or lease terms.

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among building expenses and supporting services. Such allocations, if any, are determined by management on an equitable basis.

Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

### **PRIOR PERIOD ADJUSTMENT**

On August 1, 2022 when the loss on the transfer of assets and liabilities was reported a savings account comprised of condominium association fees was also transferred. The financial statements failed to report this transfer in 2022.

### **SUBSEQUENT EVENTS**

Subsequent events were reviewed and considered through April 30, 2024 which is the date of the report.

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COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

CURRENT ASSETS

Merchants Checking	\$ 4,560
Merchants- CIC ccount	422,607
Savings Account	82,790
Accounts Receivable	-

TOTAL CURRENT ASSETS 509,957

PROPERTY AND EQUIPMENT, net -

TOTAL ASSETS \$ 509,957

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ -
Deferred Revenue	-
Current Portion of Loans	-

TOTAL CURRENT LIABILITIES -

Merchants National Bank Loan -

TOTAL LONG-TERM LIABILITIES -

TOTAL LIABILITIES -

NET ASSETS

Net Assets without donor restrictions	509,957
Net Assets with donor restrictions	-

TOTAL NET ASSETS 509,957

TOTAL LIABILITIES AND NET ASSETS \$ 509,957

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2022

OPERATING ACTIVITIES

REVENUES AND OTHER SUPPORT

Building Rent	\$ 8,450
Condo Fees	179,815
Leases	14,940
Interest	230
Electric reimbursement	5,849
	<u>209,285</u>

EXPENSES:

Building Management	201,022
General and Administrative	820
	<u>201,842</u>

Loss on Disposition of Assets (1,441,267)

CHANGE IN NET ASSETS \$ (1,433,824)

NET ASSETS, beginning of year	1,943,963
Prior period adjustment	(182)
ADJUSTED NET ASSETS, beginning of year	<u>1,943,782</u>

NET ASSETS, end of year \$ 509,957



**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2022

	Building Management	General & Administrative	Totals
Bank Service Charges	\$ -	\$ 68	\$ 68
Contract Services Labor	-	-	-
Building Management	52,035	-	52,035
Interest Expense	9,199	-	9,199
Janitorial	3,943	-	3,943
Licenses and permits	-	50	50
Meeting Expense	-	212	212
Pest Control	485	-	485
Professional Fees	-	490	490
Property Maintenance	440	-	440
Property Tax	23,200	-	23,200
Repairs & Maintenance	1,157	-	1,157
Trash Removal	8,783	-	8,783
Utilities	68,651	-	68,651
	<u>167,894</u>	<u>820</u>	<u>168,714</u>
Depreciation	33,128	-	33,128
	<u>33,128</u>	<u>-</u>	<u>33,128</u>
<b>TOTAL EXPENSES</b>	<u>\$ 201,022</u>	<u>\$ 820</u>	<u>\$ 201,842</u>

**COMMUNITY IMPROVEMENT CORP OF HIGHLAND COUNTY**

**STATEMENT OF CASH FLOWS**  
For the years ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Changes in net assets	\$ (1,433,824)
Prior period adjustment	(182)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	33,128
Accounts receivable	19,924
Accounts payable	(14,682)
Deferred Revenues	(28,295)
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,423,931)
INVESTING ACTIVITIES	
Sale of assets	1,302,582
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	1,302,582
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on notes and payable	(30,682)
Proceeds from notes and leases payable	-
	<hr/>
NET CASH USED BY FINANCING ACTIVITIES	(30,682)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(152,031)
BEGINNING CASH AND CASH EQUIVALENTS	661,988
ENDING CASH AND CASH EQUIVALENTS	<hr/> <hr/> <u>\$ 509,957</u>

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

### NOTE 1-REPORTING ENTITY

#### ORGANIZATION

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### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Corporation.

#### **Basis of Accounting**

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#### **Basis of Presentation**

The financial statements of Community Improvement Corporation of Highland County have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

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#### **Measure of Operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's

# HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2022

ongoing business condominium management. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **Cash and cash equivalents**

The Corporation's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for amounts that would be invested for long-term purposes.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Corporation maintains its cash and cash equivalent accounts in one bank that exceeds federally insured limits. The Corporation's cash and cash equivalents have been placed with high credit quality financial institutions. The Corporation has not experienced, nor does it anticipate, any losses with respect to such accounts.

#### **Accounts Receivable**

The Corporation's accounts receivable are operating receivables due from tenants of the business condominiums for the maintenance, repairs and expenses of the building.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

#### **Tax Status**

The Corporation has qualified for a tax exemption under section 501 C (4) of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements.

#### **Property and equipment, net**

Property and equipment are stated at cost at the date of purchase less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or lease terms.

#### **Functional Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among building expenses and supporting services. Such allocations, if any, are determined by management on an equitable basis.

Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 3-CASH AND CASH EQUIVALENTS**

Merchants Bank checking	\$ 427,167
Merchants Bank savings	<u>82,790</u>
	\$ 509,957

At the end of the year, the carrying amount of the corporation's deposits exceeded the amounts covered by the Federal Deposit Insurance Corporation.

**DISPOSITION OF ASSETS**

On April 12, 2004, the community improvement corporation purchased a commercial building to renovate into office condominiums. Since that date, renovations have been completed in various phases to sell and lease to businesses in Highland County. The North High Business Center Condominium Association was created to manage the business center but was still part of the community improvement corporation until all condominiums were sold or the condominium association assumed the loan. The loan was assumed and the real estate and accounts attributable to the management of the business center were transferred effective August 1, 2022. A loss was reported on the transfer of assets and liabilities in the amount of \$ 1,441,267 as calculated below:

Operating bank account	\$ 138,685
Accounts receivable for condo fees	26,501
Loan assumed	- 232,502
Land	158,662
Real Estate	2,190,421
Accumulated depreciation	<u>-840,500</u>
	<u>\$ 1,441,267</u>

**SUBSEQUENT EVENTS**

Subsequent events were reviewed and considered through June 30, 2023 which is the date of the report.

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**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION  
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2023 AND 2022**

**FINDING NUMBER 2023-001**

**Internal Control Deficiency**

**Segregation of Duties / Management Oversight**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

When designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

The size of the Corporation's staff did not allow for an adequate segregation of duties; the Corporation Treasurer performed all accounting functions, including receipting, depositing, and disbursing. It is therefore important that the Board of Directors monitor financial activity closely.

Due to deficiencies in the Corporation's monitoring and review process, the following conditions were noted:

- There was no evidence of bank reconciliations being reviewed and approved by the Board of Directors.
- There was no evidence of the Board of Directors monitoring receipts received by the Corporation.
- There was no evidence of the Board of Directors monitoring nonpayroll disbursement classifications.
- There was no evidence of the Board of Directors reviewing and approving draft financial statements and footnote disclosures.
- There was no evidence of the Board of Directors reviewing and approving financial reports during public meetings.

The Board of Directors should review detailed financial reports and bank reconciliations on a monthly basis. The Board of Directors should also review draft financial statements and footnote disclosures before filing in the Hinkle System. This should be documented in the minute record and/or initialed and dated as reviewed. The Board of Directors should also make appropriate inquiries to help determine the continued integrity of financial information. Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Corporation.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-002**

**Internal Control Deficiency**

**Maintaining Supporting Documentation**

Maintaining organized documentation and support for financial transactions is essential in assuring the Corporation's financial statements are not materially misstated and that all expenditures are made for a proper public purpose.

The Corporation did not maintain underlying documentation and support for the following items in 2023:

- One out of ten (10%) Nonpayroll disbursements did not have an invoice provided as support. Amount of transaction without support was \$119.
- Trial balances provided did not properly present beginning balances, adjustments and ending balances.

The Corporation did not maintain underlying documentation and support for the following items in 2022:

- Five out of five (100%) 2022 Lease Receipts tested, did not have the Lease Agreement provided as support.
- Seven out of seven (100%) 2022 Condominium Receipts tested, did not have the Condominium Agreement provided as support.
- Debt Agreements were not provided as support.
- Capital Assets, Real Estate and Improvements in the amount of \$2,190,421 did not have support.
- Trial balances provided did not properly present beginning balances, adjustments and ending balances.
- The agreement between the Highland County Community Improvement Corporation and Highland County Community Action for Financial Management and Building Management was not provided.

Failure to maintain underlying documentation and support of financial transactions can increase the risk of fraud, result in financial statement misstatements, and expenditures that are not for a proper public purpose.

The Corporation should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

**Officials' Response:**

We did not receive a response from Officials to this finding.



### **FINDING NUMBER 2023-003**

#### **Internal Control Deficiency**

##### **Timely Depositing**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

Receipts should be supported by adequate documentation to show the amount and date received.

The Corporation did not maintain supporting documentation for when the receipt was received in order to determine timely depositing as follows:

- Three of six (50%) condominium fee receipts tested for 2022.
- One of four (25%) lease fee receipts tested for 2022.

The Corporation should document when money was initially received to determine that it is deposited and the receipt is recorded timely. If the Corporation continues the practice of logging when money was received, the Corporation should implement an official policy regarding the mail log and procedures to ensure that the policy is followed.

##### **Officials' Response:**

We did not receive a response from Officials to this finding.

### **FINDING NUMBER 2023-004**

#### **Internal Control Deficiency**

##### **Cash Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Directors are responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2023 and 2022 for the savings account held by the Corporation. Monthly bank to book reconciliations were not prepared or reviewed each month of 2023 for the checking account held by the Corporation. Monthly bank to book reconciliations were not prepared or reviewed for five out of 12 months (42%) in 2022 for the checking account held by the Corporation. Failure to reconcile monthly increases the possibility that the Corporation will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

**FINDING NUMBER 2023-004  
(Continued)**

The Treasurer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Directors should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Additionally, the Corporation should include all bank reconciliations/accounts on the trial balances.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-005**

**Internal Control Deficiency**

**Disbursement Controls**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds.

Only one signature was on the checks issued during the audit period.

Failure to design and implement sufficient controls over the disbursements of public funds increases the risk that loss or misappropriation of funds could occur and not be detected in a reasonable time period.

To improve controls over disbursements, the Corporation should review and implement the procedures that require at least two officials' signatures on all disbursements.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-006**

**Internal Control Deficiency**

**Condominium and Lease Fees**

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance to safeguard public funds.

The Corporation collects condominium fees and lease receipts for the North High Business Center.

The following were noted during the testing of receipts:

- The rates that were charged for rent were not formally established and approved by the Board of Directors.
- The Rate Schedule could not be agreed to the condominium fee agreements and/or the lease agreements due to lack of supporting documents provided by the Corporation.

Failure to establish a formal rate schedule could result in incorrect rates being charged.

**FINDING NUMBER 2023-006**  
**(Continued)**

The Corporation should create a formal rate schedule to be established and approved by the Board of Directors for all condominium fee and lease fee charges. The Corporation should also establish formal signed condominium fee and lease agreements with all tenants.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-007**

**Internal Control Deficiency**

**Posting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the Corporation's financial statement monitoring and review process, the Corporation made the following errors in 2023:

- The savings account #4470 was understated and retained earnings was understated by \$82,790 due to the improper recording of the bank account with the sale of asset.
- The checking account #5906 and bank service expense were understated by \$28 due to not recording bank service charges.
- The checking account #5906 and opening equity were overstated by \$72 due to not properly recording the opening balance of the bank account in General Ledger.

Due to deficiencies in the Corporation's financial statement monitoring and review process, the Corporation made the following errors in 2022:

- Interest expense for debt payments was overstated and principal debt payments were understated by \$3,361 due to not properly recording the debt interest allocation.
- The savings account #4470 was understated and interest income was understated by \$71 due to not recording the bank account interest.
- The savings account #4470 was overstated and the checking account #5906 was understated by \$1,100 due to recording a transfer in accounting system that did not actually occur.
- The savings account #4470 was overstated and disposition of assets was understated by \$81,761 due to the improper recording of the bank account with the sale of asset.

**FINDING NUMBER 2023-007  
(Continued)**

- The checking account #5906 and interest income were understated by \$24 due to not recording activity from August to December 2022.
- The checking account #5906 and bank service expense was understated by \$75 due to not recording activity from August to December 2022.
- The checking account #5906 and Loan balance #84654 were overstated by \$121 due to recording the wrong amount for the sale of asset.
- Accumulated depreciation was overstated by \$6,047 due to a miscalculation by the independent public accountant.

The Corporation did not correct the financial statements and accounting records for these errors therefore the accompanying financial statements are misstated.

Failure to accurately post and report transactions could result in material errors in the Corporation's financial statements and reduces the Corporation's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the Corporation.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-008**

**Internal Control Deficiency**

**Capital Assets**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring adequate security of assets and records as well as verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

One parcel of the 1487 N. High Street property was noted on the Highland County Auditor's website as still being owned by the Corporation. The property was sold to the North High Business Center Association during our audit period. Therefore, reducing the total capital assets for the Corporation to \$0 as of the financial statement date.

The Corporation should implement monitoring and approval internal control policies and procedures for capital assets in order to help ensure proper recording and reporting amounts.

**Officials' Response:**

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2023-009

### Noncompliance

#### Late Filing

**Ohio Rev. Code § 1724.05** states, in part, each community improvement corporation shall prepare an annual financial report that conforms to rules prescribed by the auditor of state pursuant to section [117.20](#) of the Revised Code, that is prepared according to generally accepted accounting principles, and that is certified by the board of directors of the corporation or its treasurer or other chief fiscal officer to the best knowledge and belief of those persons certifying the report. The financial report shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year, unless the auditor of state extends that deadline. The auditor of state may establish terms and conditions for granting any extension of that deadline.

The Corporation's December 31, 2023 annual financial report due by April 29, 2024, was not filed with the Auditor of State until April 30, 2024.

The Corporation's December 31, 2022 annual financial report due by May 31, 2023 was not filed with the Auditor of State until June 30, 2023.

The Corporation should implement procedures to verify its annual financial report is filed with the Auditor of State by the required deadline. If the Corporation is unable to meet the deadline, the Corporation should file an extension request through the Auditor of State. Failure to file a complete report by the established deadline, without an extension, could result in the assessment of penalties against the Corporation. Also, pursuant to Ohio Rev. Code § 1724.06, failure to file an annual financial report by the required date could result in cancellation of the articles of the community improvement corporation by the Secretary of State.

#### Officials' Response:

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2023-010

### Noncompliance

#### Public Records Policy

**Ohio Rev. Code § 149.43(E)(2)** provides that every public office must have a policy in place for responding to public records requests. Generally, a public records policy cannot: (1) limit the number of public records the office will make available to a single person; (2) limit the number of public records the office will make available during a fixed period of time; and (3) establish a fixed period of time before the office will respond to a request for inspection/copying of public records unless that period is less than eight hours. However, pursuant to Ohio Rev. Code § 149.43(B)(7)(c), the policy may limit the number of public records the public office will physically deliver by U.S. Mail or other delivery service to ten per month unless the person certifies to the office in writing that the person does not intend to use or forward the requested records, or the information contained in them, for commercial purposes. "Commercial" is narrowly construed and does not include reporting or gathering news, reporting or gathering information to assist citizen oversight or understanding of the operation or activities of government, or nonprofit educational research.

**FINDING NUMBER 2023-010  
(Continued)**

**Ohio Rev. Code § 149.43(E)(2)** further requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The Corporation has no formal written policy that would demonstrate compliance with the Ohio Revised Code. This could result in records requests not being fulfilled in accordance with Ohio law.

The Corporation shall establish a public records policy. The policy shall be distributed to the records custodian/manager and the Corporation should have a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy must be conspicuously displayed in all of the Corporation's branch offices and the public records policy must be included in policy manuals or handbooks if any exist.

Pursuant to Ohio Rev. Code § 109.43(E)(2), the Ohio Attorney General has developed and provided to all public offices a model public records policy for responding to public records requests. The policy, which is available at <https://www.ohioattorneygeneral.gov/Files/Government-Entities/Model-Public-Records-Policy.aspx>, provides guidance to public offices in developing their own policies for responding to public records requests in compliance with the Public Records Act.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-011**

**Noncompliance**

**Records Retention Schedule**

**Ohio Rev. Code 149.43(B)(2)** provides that a public office also shall have available a copy of its current records retention schedule at a location readily available to the public.

Due to deficiencies in public records procedures and monitoring, the Corporation does not have a records retention schedule. Failure to establish a records retention schedule could result in the destruction of important Corporation documents.

The Corporation should adopt a records retention schedule.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2023-012**

**Noncompliance**

**Meeting Notifications**

**Ohio Rev. Code § 121.22(F)** requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall immediately notify the news media that have requested notification.

The Corporation did not establish, by rule, a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all meetings.

Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws. Resolutions, rules, or formal actions adopted by the Corporation during a meeting in which the Corporation violated Ohio Rev. Code § 121.22(F) are invalid.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**100 North High Street PO Box 10 Hillsboro, Ohio 45133**

**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**HIGHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**DECEMBER 31, 2023 AND 2022**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2021-001	Segregation of Duties / Management Oversight	No	Reissued as 2023-001
2021-002	Maintaining Supporting Documentation	No	Reissued as 2023-002
2021-003	Late Fees paid, untimely payments	Yes	
2021-004	Lack of support to show receipts timely deposited	No	Reissued as 2023-003
2021-005	Lack of formal cash reconciliations	No	Reissued as 2023-004
2021-006	Lack of controls over cash disbursements	No	Reissued as 2023-005
2021-007	Lack of supporting documentation for fees and leases	No	Reissued as 2023-006
2021-008	Insufficient fraud risk questionnaire responses	Yes	
2021-009	Financial statement errors	No	Reissued as 2023-007
2021-010	Not filing annual reports timely.	No	Reissued as 2023-009
2021-011	Public records policy not established	No	Reissued as 2023-010
2021-012	Records retention schedule not established	No	Reissued as 2023-011
2021-013	Notice of public meetings not posted	No	Reissued as 2023-012



# OHIO AUDITOR OF STATE KEITH FABER



**HIGHLAND COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**HIGHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/7/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)