



OHIO AUDITOR OF STATE  
**KEITH FABER**





**COMMUNITY IMPROVEMENT CORPORATION OF HARRISON COUNTY  
HARRISON COUNTY  
DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

Community Improvement Corporation of Harrison County  
Harrison County  
538 N. Main Street Ste. A  
Cadiz, Ohio 43907

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended December 31, 2020 and December 31, 2019, and related notes of the Community Improvement Corporation of Harrison County, Harrison County, Ohio (the CIC).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

***Basis for Adverse Opinion***

As described in Note 2 of the financial statements, the CIC prepared these financial statements using the accounting basis Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit. However, Ohio Rev. Code § 1724.05 requires these statements to follow accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material.

***Adverse Opinion***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the CIC, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Emphasis of Matter***

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the CIC. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2021

**Community Improvement Corporation of Harrison County**

*Harrison County*

*Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*General Fund*

*For the Year Ended December 31, 2020*

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	<u>General</u>
<b>Cash Receipts</b>	
Grants	\$ 44,164
Lease Revenue	78,000
Miscellaneous	<u>13,032</u>
<i>Total Cash Receipts</i>	<u>135,196</u>
<b>Cash Disbursements</b>	
Current:	
Advertising	20
Audit Costs	825
Contract Labor	170,000
Legal Costs	5,963
Maintenance and Repairs	1,750
Miscellaneous	10,309
Office Supplies and Expenses	7,678
Memberships	2,094
Travel and Training	<u>2,079</u>
<i>Total Cash Disbursements</i>	<u>200,718</u>
<i>Net Change in Fund Cash Balances</i>	(65,522)
<i>Fund Cash Balances, January 1</i>	<u>381,865</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned	<u>316,343</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$316,343</u></u>

*See accompanying notes to the basic financial statements*

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**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Community Improvement Corporation of Harrison County (the CIC), Harrison County, is a not for profit corporation incorporated in 1966 under authority of Ohio Revised Code Section 1724. The CIC is directed by a 20-member Board of Trustees, comprised of business, professional, government, and community leaders. The CIC was formed to advance, encourage, and promote industrial, economic, commercial, and civic development in Harrison County.

The CIC's management believes these financial statements present all activities for which the CIC is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The CIC's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Fund Accounting***

The CIC uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the CIC is presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the CIC for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Basis of Accounting***

Ohio Revised Code Section 1724.05 requires the CIC to file its annual financial report pursuant to accounting principles generally accepted in the United States of America, however the CIC chooses to prepare its financial statements on a cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Management believes that these statements include adequate disclosure of material matters.

***Capital Assets***

The CIC records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Tax Status***

The CIC is exempt from federal income taxes under Internal Revenue Code 501(c)(4) and therefore has made no provision for federal income taxes in the accompanying financial statements. By virtue of Ohio Law, the CIC is not subject to Ohio income taxes.

**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**Note 3 – Deposits and Investments**

The CIC maintains a deposit account. The carrying amount of deposits at December 31 was as follows:

	<u>2020</u>
Demand deposits	<u><u>\$316,343</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the CIC; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 – Risk Management**

***Commercial Insurance***

The CIC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Wrongful acts and dishonesty bond.

Coverage limits were not decreased from last year and settled claims have not exceeded coverages for the past three years.

**Note 5 – Contractual Services**

The Harrison County Commissioners contract the CIC to administer various grants received by the County. Harrison County directly employs the CIC employees. The CIC reimburses Harrison County for wages and related payroll taxes from the portion of the grants received allocated for administration fees. For the year ended December 31, 2020, the CIC reimbursed \$170,000 to Harrison County for services provided.

**Note 6 – Rent**

During 2017, the CIC entered into an agreement with the Harrison County Commissioners to lease its present office space for free.

**Note 7 – Contingent Liabilities**

The CIC may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suits, management believes that the resolution of these matters will not materially adversely affect the CIC's financial condition.

**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**Note 8 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the CIC. In addition, the impact on the CIC's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**Community Improvement Corporation of Harrison County**

*Harrison County*

*Statement of Receipts, Disbursements*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*General Fund*

*For the Year Ended December 31, 2019*

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	<u>General</u>
<b>Cash Receipts</b>	
Grants	\$ 61,178
Lease Revenue	78,000
Miscellaneous	4,848
	<hr/>
<i>Total Cash Receipts</i>	<i>144,026</i>
	<hr/>
<b>Cash Disbursements</b>	
Current:	
Advertising	6,660
Audit Costs	4,162
Contract Labor	170,000
Legal Costs	50,640
Maintenance and Repairs	1,644
Miscellaneous	31,667
Office Supplies and Expenses	8,905
Memberships	6,342
Contract Services	23,150
Travel and Training	18,569
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<i>Total Cash Disbursements</i>	<i>321,739</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>(177,713)</i>
<i>Fund Cash Balances, January 1</i>	<i>559,578</i>
	<hr/>
<b>Fund Cash Balances, December 31</b>	
Unassigned	381,865
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<i>Fund Cash Balances, December 31</i>	<i>\$381,865</i>
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*See accompanying notes to the basic financial statements*

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**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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The CIC's management believes these financial statements present all activities for which the CIC is financially accountable.

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***Basis of Presentation***

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**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 3 – Deposits and Investments**

The CIC maintains a deposit account. The carrying amount of deposits at December 31 was as follows:

	<u>2019</u>
Demand deposits	<u><u>\$381,865</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the CIC; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 4 – Risk Management**

***Commercial Insurance***

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During 2017, the CIC entered into an agreement with the Harrison County Commissioners to lease its present office space for free.

**Note 7 – Contingent Liabilities**

The CIC may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suits, management believes that the resolution of these matters will not materially adversely affect the CIC's financial condition.



**Community Improvement Corporation of Harrison County**

*Harrison County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 8 – COVID-19 Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the CIC. In addition, the impact on the CIC's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Community Improvement Corporation of Harrison County  
Harrison County  
538 N. Main Street Ste. A  
Cadiz, Ohio 43907

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Community Improvement Corporation of Harrison County, Harrison County, Ohio (the CIC), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2021, wherein we issued an adverse opinion on the CIC's financial statements because the CIC did not follow accounting principles generally accepted in the United States of America as required by Ohio Rev. Code § 1724.05. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the CIC.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the CIC's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* 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. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the CIC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider finding 2020-002 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the CIC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

***CIC's Response to Findings***

The CIC's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the CIC's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the CIC's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the CIC's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2021

**COMMUNITY IMPROVEMENT CORPORATION OF HARRISON COUNTY  
HARRISON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Noncompliance**

**Ohio Rev. Code § 1724.05** provides, in part, that the CIC shall prepare an annual financial report according to generally accepted accounting principles (GAAP) and shall be filed with the auditor of state within one hundred twenty days following the last day of the corporation's fiscal year.

The CIC prepared financial statements in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

The CIC may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the CIC's ability to evaluate and monitor the overall financial condition of the CIC. To help provide the users with more meaningful financial statements, the CIC should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:** We understand that ORC 1724.05 states that Community Improvement Corporations should file annual financial reports pursuant to accounting principles generally accepted in the United States of America. The Harrison County Community Improvement Corporation, due to economics, chooses to prepare our financial statements on a cash basis of accounting. We understand this form of accounting is permitted and accepted by the State Auditor's Office. Until our financial situation changes, we will continue to prepare our financial statements on a cash basis of accounting.

**FINDING NUMBER 2020-002**

**Significant Deficiency**

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) to the accounting system 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 Grants Administrator of the CIC is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the CIC Board is responsible for reviewing the reconciliations and related support.

While the debit card account activity is included in the accompanying financial statements, monthly bank to book reconciliations did not include the debit card account, which had balances of \$11,325 and \$6,061 at December 31, 2020 and 2019, respectively.

COMMUNITY IMPROVEMENT CORPORATION OF HARRISON COUNTY  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-002  
(Continued)

**Significant Deficiency (Continued)**

Failure to reconcile all book and bank activity monthly increases the possibility that the CIC 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.

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

**Officials' Response:** Upon notification during the audit that there were concerns regarding the HCCIC Staff current procedure of reconciliation on the accounts, the staff rectified the situation and provided a reconciliation on the cash flow statement which has been reviewed each month by the CIC Board. Moving forward, the staff is utilizing a Bank Reconciliation Statement for all accounts which will also be available for review.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 1724.05 - Community Improvement Corporation must report in accordance with GAAP	Not Corrected.	We understand that ORC 1724.05 states that Community Improvement Corporations should file annual financial reports pursuant to accounting principles generally accepted in the United States of America. The Harrison County Community Improvement Corporation, due to economics, chooses to prepare our financial statements on a cash basis of accounting. We understand this form of accounting is permitted and accepted by the State Auditor's Office. Until our financial situation changes, we will continue to prepare our financial statements on a cash basis of accounting.

# OHIO AUDITOR OF STATE KEITH FABER



**COMMUNITY IMPROVEMENT CORPORATION OF HARRISON COUNTY**

**HARRISON 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 1/4/2022**

88 East Broad 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)