



OHIO AUDITOR OF STATE  
**KEITH FABER**





**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Change in Fund Balance - (Regulatory Cash Basis) General Fund – For the Year Ended December 31, 2019.....	3
Notes to the Financial Statement – For the Year Ended December 31, 2019 .....	4
Statement of Receipts, Disbursements, and Change in Fund Balance - (Regulatory Cash Basis) General Fund – For the Year Ended December 31, 2018.....	7
Notes to the Financial Statement – For the Year Ended December 31, 2018 .....	8
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

**This page intentionally left blank.**



One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Putnam County Community Improvement Corporation  
Putnam County  
115 South Fair Avenue, Suite C  
P.O. Box 145  
Ottawa, Ohio 45875

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of Putnam County Community Improvement Corporation, Putnam County, Ohio (the Corporation), as of and for the years ended December 31, 2019 and 2018.

### ***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 Corporation'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 Corporation'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 Corporation prepared these financial statements using the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. However, Ohio Revised Code Section 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 Putnam County Community Improvement Corporation as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Emphasis of Matters***

As discussed in Note 10 to the financial statements, during fiscal year 2018, the Corporation restated its opening fund balance due to changing its financial presentation from accounting principles generally accepted in the United States of America to the cash basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We issued an adverse opinion regarding this matter.

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent period of the Corporation. 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 September 25, 2020, on our consideration of the Corporation'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 Corporation's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 25, 2020

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>General Fund</b>
<b>Cash Receipts</b>	
Contributions	\$104,010
Monitoring/Compliance Fees	95,207
Interest	4,396
Loan Repayment - Principal	3,030
Loan Repayment - Interest	1,645
Membership Dues	1,620
Other	2,231
	<u>212,139</u>
<i>Total Cash Receipts</i>	<u>212,139</u>
<b>Cash Disbursements</b>	
Current:	
Annual Dinner and Banquet Expenses	1,876
Dues and Subscriptions	2,876
Insurance	3,945
Professional and Accounting Fees	750
Advertising and Promotion	384
Wages and Benefits	83,279
Office Expenses and Supplies	5,216
Pension Benefits	8,011
Postage	509
Payroll Taxes	6,434
Building Lease	6,690
Auto, Travel and Entertainment	3,593
Utilities	3,685
Other Expenses	5,196
	<u>132,444</u>
<i>Total Cash Disbursements</i>	<u>132,444</u>
<i>Excess of Receipts Over Disbursements</i>	<u>79,695</u>
<b>Other Financing Receipts (Disbursements)</b>	
Other Financing Sources	4,000
Proceeds from the Sale of Property	317,003
CRA Compensation Revenue	83,905
Other Financing Uses	(2,912)
Purchase of Property	(317,187)
Refund of Prior Year Revenue	(2,874)
CRA Disbursements	(83,905)
	<u>(1,970)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,970)</u>
<i>Net Change in Fund Balance</i>	77,725
<i>Fund Cash Balance, January 1</i>	<u>272,465</u>
<b>Fund Cash Balance, December 31</b>	
Restricted	1,088
Unassigned	349,102
	<u>350,190</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$350,190</u></u>

See accompanying notes to the basic financial statements

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

***Note 1 – Reporting Entity***

Putnam County Community Improvement Corporation (the Corporation) is a not-for-profit corporation which was organized under the laws of the State of Ohio on October 5, 1984, to advance, encourage, and promote the industrial, economic, commercial, and civic development of Putnam County.

The Corporation's governing board is a 21 member Board of Trustees (the Board) consisting of 10 members who are appointed or elected officials in townships or municipalities where the CIC serves as the economic development agent, and 11 at-large members elected by a consensus of the Board of Trustees. The Board leadership includes an Executive Committee consisting of a President, Vice President and Secretary/Treasurer.

The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

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

***Basis of Presentation***

The Corporation's financial statement consists of a statement of receipts, disbursements and changes in fund balance (cash basis) for the General Fund.

***Fund Accounting***

The Corporation uses one fund and classifies it as the General Fund. It presents all financial resources of the Corporation.

***Basis of Accounting***

Although required to follow Financial Accounting Standards Board Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117), *Not-For-Profit Entities* the Corporation chooses to prepare its financial statement and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting.

Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in this financial statement.

This statement include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Property and Equipment***

The Corporation records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.



**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Corporation must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Corporation classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** The Board of Directors can commit amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Corporation Board of Directors or a Corporation official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2019
Demand deposits	<u>\$117,138</u>
Certificates of deposit	132,541
Other time deposits (savings and NOW accounts)	<u>100,511</u>
Total deposits	<u><u>\$350,190</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Income Tax Status**

The Corporation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

The Corporation files a Federal Income Tax Return – Form 990 – Return of Organization Exempt from Income Tax and also annually files with the State of Ohio Attorney General under the Ohio Charitable Law section. The Corporation’s U.S. federal income tax returns for the years ended December 31, 2013 and prior are closed and are no longer subject to examination.

**Note 5 – Building Rent/Lease**

The Corporation leases its office space from an independent third party. The current lease exists through April 30, 2025. Lease expense for the year ending December 31, 2019 was \$6,690.

The following is a schedule by years of future minimum lease payments.

Year	Lease Payments
2020	6,240
2021	6,920
2022	7,040
2023	7,160
2024	7,280
2025	2,440
Total	<u>\$37,080</u>

**Note 6 – Risk Management**

The Corporation has obtained commercial insurance for the following risks: Commercial and General Liability; Vehicles; and Bonding.

**Note 7 – Pension**

The Corporation established a Simplified Employee Pension Plan in April 1991 covering all employees. The Corporation has elected to contribute 15% of each employee’s gross wages unless an employee has declined the pension plan. Pension expense for the year ending December 31, 2019 was \$8,011.

**Note 8 – Note Receivable**

On June 30, 2017, LAI Properties, LLC signed a promissory note payable to the Corporation for the sum of \$60,000 plus interest, which is to accrue at an annual rate of 3.25%, for a term of fifteen years. The note requires a minimum monthly payment amount of \$422. As collateral, the Corporation filed a lien on a property owned by LAI Properties, LLC located at 188 N. West Canal Street in Ottoville, Ohio.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 10 - Compliance**

Contrary to Ohio law, the Corporation filed its annual report on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. Ohio Revised Code Section 1724.05 requires each community improvement corporation to prepare an annual financial report that is prepared according to generally accepted accounting principles.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>General Fund</b>
<b>Cash Receipts</b>	
Contributions	\$99,690
Monitoring/Compliance Fees	88,415
Interest	713
Loan Repayment - Principal	3,205
Loan Repayment - Interest	1,895
Membership Dues	1,370
Other	1,814
<i>Total Cash Receipts</i>	<i>197,102</i>
<b>Cash Disbursements</b>	
Current:	
Annual Dinner and Banquet Expenses	1,749
Dues and Subscriptions	677
Insurance	3,751
Professional and Accounting Fees	9,253
Advertising and Promotion	2,080
Wages and Benefits	93,042
Office Expenses and Supplies	3,326
Pension Benefits	13,653
Postage	1,102
Payroll Taxes	6,904
Building Lease	7,110
Auto, Travel and Entertainment	3,481
Utilities	4,900
Other Expenses	4,552
<i>Total Cash Disbursements</i>	<i>155,580</i>
<i>Excess of Receipts Over Disbursements</i>	<i>41,522</i>
<b>Other Financing Receipts (Disbursements)</b>	
Reimbursement	5,284
Other Non Operating	(564)
CRA Compensation Revenue	69,155
CRA Disbursements	(69,155)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>4,720</i>
Net Change in Fund Cash Balance	46,242
Fund Cash Balance, January 1 (Restated)	226,223
<b>Fund Cash Balance, December 31</b>	
Unassigned	272,465
Fund Cash Balance, December 31	\$272,465

*See accompanying notes to the basic financial statements*

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

***Note 1 – Reporting Entity***

Putnam County Community Improvement Corporation (the Corporation) is a not-for-profit corporation which was organized under the laws of the State of Ohio on October 5, 1984, to advance, encourage, and promote the industrial, economic, commercial, and civic development of Putnam County.

The Corporation's governing board is a 21 member Board of Trustees (the Board) consisting of 10 members who are appointed or elected officials in townships or municipalities where the Corporation serves as the economic development agent, and 11 at-large members elected by a consensus of the Board of Trustees. The Board leadership includes an Executive Committee consisting of a President, Vice President and Secretary/Treasurer.

The Corporation's management believes this financial statement presents all activities for which the Corporation is financially accountable.

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

***Basis of Presentation***

The Corporation's financial statement consists of a statement of receipts, disbursements and changes in fund balance (cash basis) for the General Fund.

***Fund Accounting***

The Corporation uses one fund and classifies it as the General Fund. It presents all financial resources of the Corporation.

***Basis of Accounting***

Although required to follow Financial Accounting Standards Board Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117), *Not-For-Profit Entities*, the Corporation chooses to prepare its financial statement and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting.

Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in this financial statement.

This statement include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Property and Equipment***

The Corporation records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Corporation must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable** The Corporation classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** The Board of Directors can commit amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board of Directors amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Corporation Board of Directors or a Corporation official delegated that authority by resolution, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2018
Demand deposits	<u>\$272,465</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 4 – Income Tax Status**

The Corporation is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

The Corporation files a Federal Income Tax Return – Form 990 – Return of Organization Exempt from Income Tax and also annually files with the State of Ohio Attorney General under the Ohio Charitable Law section. The Corporation’s U.S. federal income tax returns for the years ended December 31, 2013 and prior are closed and are no longer subject to examination.

**Note 5 – Building Rent/Lease**

The Corporation leases its office space from an independent third party. The current lease exists through April 30, 2025. Lease expense for the year ending December 31, 2018 was \$7,110.

The following is a schedule by years of future minimum lease payments.

Year	Lease Payments
2019	\$6,130
2020	6,800
2021	6,920
2022	7,040
2023	7,160
2024-2025	9,720
Total	<u>\$43,770</u>

**Note 6 – Risk Management**

The Corporation has obtained commercial insurance for the following risks: Commercial and General Liability; Vehicles; and Bonding.

**Note 7 – Pension**

The Corporation established a Simplified Employee Pension Plan in April 1991 covering all employees. The Corporation has elected to contribute 15% of each employee’s gross wages unless an employee has declined the pension plan. Pension expense for the year ending December 31, 2018 was \$13,653.

**Note 8 – Note Receivable**

On June 30, 2017, LAI Properties, LLC signed a promissory note payable to the Corporation for the sum of \$60,000 plus interest, which is to accrue at an annual rate of 3.25%, for a term of fifteen years. The note requires a minimum monthly payment amount of \$422. As collateral, the Corporation filed a lien on a property owned by LAI Properties, LLC located at 188 N. West Canal Street in Ottoville, Ohio.

**Note 9 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. In addition, the impact on the Corporation’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Note 10 – Change in Basis of Accounting and Restatement of Net Assets**

***Change in Basis of Accounting***

For fiscal year 2018, the Corporation ceased to report using the generally accepted accounting principles and reported on cash basis as described in Note 2.

***Restatement of Net Assets***

The implementation of the change in the basis of accounting had the following effects on net assets of the fund of the Corporation as was previously reported.

Net Assets, December 31, 2017	\$290,061
Eliminate:	
Prepayments	(835)
Current Portion of Note Receivable	(3,170)
Property and Equipment (net)	(18,654)
Note Receivable	(56,568)
Accounts Payable	250
Payroll Withholdings	4,061
Accrued Salaries	2,855
Accrued Pension	3,518
Accrued Sick and Vacation	4,705
Adjusted Fund Cash Balance, January 1, 2018	\$226,223

**Note 11 - Compliance**

Contrary of Ohio law, the Corporation filed its annual report on a cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles. Ohio Revised Code Section 1724.05 requires each community improvement corporation to prepare an annual financial report that is prepared according to generally accepted accounting principles.

**This page intentionally left blank.**





One Government Center, Suite 1420  
Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
NorthwestRegion@ohioauditor.gov

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

Putnam County Community Improvement Corporation  
Putnam County  
115 South Fair Avenue, Suite C  
P.O. Box 145  
Ottawa, Ohio 45875

To the Board of Directors:

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 Putnam County Community Improvement Corporation, Putnam County, Ohio, (the Corporation) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020, wherein we issued an adverse opinion on the Corporation’s financial statements because the Corporation did not follow accounting principles generally accepted in the United States of America as required by Ohio Revised Code Section 1724.05. We also noted the Corporation restated their opening fund balance due to changing its financial presentation from generally accepted accounting principles to the cash accounting basis Ohio Revised Code Section 117.38 and Ohio Administration Code Section 117-2-03(D) permit. In addition, the financial impact of COVID-19 and the ensuing emergency measures will impact the Corporation for subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Corporation’s internal control over financial reporting (internal control) to determine the 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 Corporation’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 Corporation’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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Corporation'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 determination of financial statement amounts. 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

***Corporation's Response to Finding***

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Corporation's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 25, 2020

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 and 2018**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

**FINDING NUMBER 2019-001**

**Noncompliance – Annual Financial Reporting**

**Ohio Rev. Code §1724.05** provides, in part, that the Corporation 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.

Due to the simplicity of the financial statements and cost efficiencies, the Corporation 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 Corporation 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 Corporation's ability to evaluate and monitor the overall financial condition of the Corporation. To help provide the users with more meaningful financial statements, the Corporation should prepare its annual financial reports according to generally accepted accounting principles.

**Official's Response:**

The Putnam County Community Improvement Corporation prepared cash financial statements opposed to GAAP financial statements due to the simplicity of our organizational financials and for the cost efficiencies dealing with our accounting services.

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**PUTNAM 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 10/13/2020**

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)