



**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

**OHIO AUDITOR OF STATE  
KEITH FABER**





**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Putnam County Community Improvement Corporation  
Putnam County  
115 South Fair Avenue, Suite C  
P.O. Box 145  
Ottawa, Ohio 45875-0145

To the Board of Directors:

### ***Report on the Audit of the Financial Statements***

#### ***Adverse Opinion***

We have audited the financial statements of the cash balances, receipts and disbursements of Putnam County Community Improvement Corporation, Putnam County, Ohio (the Corporation), as of and for the years ended December 31, 2021 and 2020, and related notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Financial Statements as a Whole* section of our report, the accompanying 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 Corporation, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

#### ***Basis for Adverse Opinion on the Financial Statements as a Whole***

As described in Note 2 of the financial statements, the financial statements are prepared by the Corporation on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) 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 and pervasive.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

***Emphasis of Matter***

As discussed in Note 10 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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

December 21, 2022

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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund
<b>Cash Receipts</b>	
Contributions	\$96,950
Monitoring/Compliance Fees	92,886
Interest	1,405
Realized Gain	29
Loan Repayment - Principal	49,805
Loan Repayment - Interest	800
Membership Dues	200
Other	1,286
Contract Services	7,000
	250,361
<i>Total Cash Receipts</i>	<i>250,361</i>
<b>Cash Disbursements</b>	
Current:	
Annual Dinner and Banquet Expenses	3,546
Dues and Subscriptions	3,451
Insurance	3,799
Professional and Accounting Fees	825
Advertising and Promotion	2,385
Wages and Benefits	89,076
Web Hosting	1,315
Office Expenses and Supplies	5,430
Pension Benefits	8,648
Postage	1,956
Payroll Taxes	7,063
Building Lease	6,930
Auto, Travel and Entertainment	3,432
Workforce Development	17,650
Utilities	3,887
Other Expenses	4,263
	163,656
<i>Total Cash Disbursements</i>	<i>163,656</i>
<i>Excess of Receipts Over Disbursements</i>	<i>86,705</i>
<b>Other Financing Receipts (Disbursements)</b>	
Elevate - Other Financing Sources	2,500
Economic Development - Sources	188,026
CRA Compensation Revenue	89,082
Economic Development - Uses	(190,372)
CRA Disbursements	(89,082)
	154
<i>Total Other Financing Receipts (Disbursements)</i>	<i>154</i>
<i>Net Change in Fund Cash Balance</i>	<i>86,859</i>
<i>Fund Cash Balance, January 1</i>	<i>365,138</i>
<b>Fund Cash Balance, December 31</b>	
Restricted	2,554
Unassigned	449,443
	\$451,997
<i>Fund Cash Balance, December 31</i>	<i>\$451,997</i>

*The notes to the financial statements are an integral part of this statement.*

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**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 17 member Board of Directors (the Board) consisting of 9 members who are appointed or elected officials in townships or municipalities where the Corporation serves as the economic development agent, and 8 at-large members elected by a consensus of the Board of Directors. 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 change in fund balance (regulatory 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 includes 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.

***Deposits and Investments***

The Corporation's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

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***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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 can *commit* amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board 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*. In the General Fund, assigned amounts represent intended uses established by the Corporation Board 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.

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 and Investments**

To improve cash management, cash received by the Corporation is pooled. Monies for the fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Corporation's deposit and investment accounts are as follows:

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

	2021
Demand deposits	\$101,395
Certificates of deposit	21,149
Other time deposits (savings and NOW accounts)	229,283
Total deposits	351,827
Money market mutual fund	30,947
Fixed income exchange traded funds (at cost, fair value was \$34,688)	35,128
Equity exchange traded funds (at cost, fair value was \$35,501)	34,095
Total investments	100,170
Total deposits and investments	\$451,997

The Corporation does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

***Deposits***

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.

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, 2021 was \$6,930.

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

Year Ending December 31:	Lease Payments
2022	\$6,460
2023	7,160
2024	7,280
2025	2,440
Total	\$23,340

**Note 6 – Risk Management**

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

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

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**Note 7 – Pension**

The Corporation established a Simplified Employee Pension Plan in April 1991 covering all employees. The Corporation has elected to contribute 15 percent of each employee's gross wages unless an employee has declined the pension plan. Pension expense for the year ending December 31, 2021 was \$8,648.

**Note 8 – Social Security**

Corporation employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Corporation contributed an amount equal to 6.2 percent of participants' gross salaries. The Corporation has paid all contributions required through December 31, 2021.

**Note 9 – 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.

**Note 10 – 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact of the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Corporation's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund
<b>Cash Receipts</b>	
Contributions	\$87,020
Monitoring/Compliance Fees	94,241
Interest	3,300
Loan Repayment - Principal	3,697
Loan Repayment - Interest	1,828
Membership Dues	230
Other	2,098
Contract Services	8,650
	<b>201,064</b>
<i>Total Cash Receipts</i>	
<b>Cash Disbursements</b>	
Current:	
Annual Dinner and Banquet Expenses	225
Dues and Subscriptions	3,297
Insurance	3,808
Professional and Accounting Fees	7,233
Advertising and Promotion	246
Wages and Benefits	89,348
Office Expenses and Supplies	523
Pension Benefits	8,655
Postage	498
Payroll Taxes	6,932
Building Lease	6,810
Auto, Travel and Entertainment	3,906
Utilities	3,492
Other Expenses	952
	<b>135,925</b>
<i>Total Cash Disbursements</i>	
<i>Excess of Receipts Over Disbursements</i>	
	<b>65,139</b>
<b>Other Financing Receipts (Disbursements)</b>	
Elevate - Other Financing Sources	2,526
Economic Development - Sources	405
Community Development	3,500
CRA Compensation Revenue	82,633
Elevate - Other Financing Uses	(1,060)
Economic Development - Uses	(55,562)
CRA Disbursements	(82,633)
	<b>(50,191)</b>
<i>Total Other Financing Receipts (Disbursements)</i>	
<i>Net Change in Fund Cash Balance</i>	
	14,948
<i>Fund Cash Balance, January 1</i>	
	350,190
<b>Fund Cash Balance, December 31</b>	
Restricted	2,554
Unassigned	362,584
	<b>365,138</b>
<i>Fund Cash Balance, December 31</i>	
	<b>\$365,138</b>

The notes to the financial statements are an integral part of this statement.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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This statement includes 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.

***Deposits and Investments***

The Corporation's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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***Capital Assets***

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***Committed*** The Board can *commit* amounts via formal action (resolution). The Corporation must adhere to these commitments unless the Board 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*. In the General Fund, assigned amounts represent intended uses established by the Corporation Board 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.

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**

To improve cash management, cash received by the Corporation is pooled. Monies for the fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Corporation's deposit accounts are as follows:



**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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	<u>2020</u>
Demand deposits	\$169,229
Certificates of deposit	20,765
Other time deposits (savings and NOW accounts)	<u>175,144</u>
Total deposits	<u><u>\$365,138</u></u>

The Corporation does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

**Deposits**

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.

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, 2020 was \$6,810.

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

<u>Year Ending December 31:</u>	<u>Lease Payments</u>
2021	\$6,350
2022	7,040
2023	7,160
2024	7,280
2025	<u>2,440</u>
Total	<u><u>\$30,270</u></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 percent of each employee's gross wages unless an employee has declined the pension plan. Pension expense for the year ending December 31, 2020 was \$8,655.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

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**Note 8 – Social Security**

Corporation employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Corporation contributed an amount equal to 6.2 percent of participants' gross salaries. The Corporation has paid all contributions required through December 31, 2020.

**Note 9 – 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 percent, 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 10 – 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 may impact subsequent periods of the Corporation. In addition, the impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 11 – 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.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 45875-0145

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated December 21, 2022, 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 financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Corporation.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Corporation's response to the finding identified in our audit and described in the accompanying schedule of findings. The Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2022

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Noncompliance**

**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.

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.

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 statements according to generally accepted accounting principles.

**Officials' 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.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	This finding was first reported in 2018. Ohio Rev. Code § 1724.05 for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2021-001 in this report.	The 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.

# 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 1/3/2023**

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)