



OHIO AUDITOR OF STATE
KEITH FABER



PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY

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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 the Putnam County Community Improvement Corporation, Putnam County, Ohio (the Corporation), as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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.

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 *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 17, 2024, 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 17, 2024

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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, 2023

	General Fund
Cash Receipts	
Contributions	\$78,475
Monitoring/Compliance Fees	121,868
Interest	16,276
Miscellaneous	3,017
Other	4,608
Contract Services	<u>12,900</u>
<i>Total Cash Receipts</i>	<u>237,144</u>
Cash Disbursements	
Current:	
Annual Dinner and Banquet Expenses	2,769
Dues and Subscriptions	9,897
Insurance	4,122
Professional and Accounting Fees	5,319
Advertising and Promotion	3,150
Wages and Benefits	131,807
Web Hosting	561
Office Expenses and Supplies	3,743
Pension Benefits	9,925
Postage	2,551
Payroll Taxes	10,299
Building Lease	7,170
Auto, Travel and Entertainment	8,131
Website and Brand Build Design	1,690
Utilities	4,044
Realized Loss/Fees	2,969
Other Expenses	<u>6,493</u>
<i>Total Cash Disbursements</i>	<u>214,640</u>
<i>Excess of Receipts Over Disbursements</i>	<u>22,504</u>
Other Financing Receipts (Disbursements)	
Economic Development - Sources	203,668
Community Development	4,100
CRA Compensation Revenue	93,171
Elevate - Other Financing Uses	(1,162)
Economic Development - Uses	(207,102)
CRA Disbursements	<u>(93,171)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(496)</u>
<i>Net Change in Fund Cash Balance</i>	22,008
<i>Fund Cash Balance, January 1</i>	<u>496,774</u>
Fund Cash Balance, December 31	
Restricted	325
Unassigned	<u>518,457</u>
<i>Fund Cash Balance, December 31</i>	<u>\$518,782</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, 2023**

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, 2023
(Continued)

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, 2023
(Continued)**

	2023
Demand deposits	\$19,163
Certificates of deposit	310,107
Other time deposits (savings and NOW accounts)	60,484
Total deposits	<u>389,754</u>
Money market mutual fund	15,268
Fixed income exchange traded funds (at cost, fair value was \$57,524)	56,332
Equity exchange traded funds (at cost, fair value was \$61,757)	57,428
Total investments	<u>129,028</u>
Total deposits and investments	<u>\$518,782</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, 2023 was \$7,170.

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

Year Ending December 31:	Lease Payments
2024	\$6,680
2025	2,440
Total	<u>\$9,120</u>

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, 2023
(Continued)**

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.

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, 2023.

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.

**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, 2022**

	General Fund
Cash Receipts	
Contributions	\$80,680
Monitoring/Compliance Fees	119,482
Interest	4,403
Employer Retention Credit	25,032
Membership Dues	120
Other	4,191
Contract Services	<u>9,100</u>
<i>Total Cash Receipts</i>	<u>243,008</u>
Cash Disbursements	
Current:	
Annual Dinner and Banquet Expenses	3,520
Dues and Subscriptions	4,908
Insurance	3,908
Professional and Accounting Fees	2,613
Advertising and Promotion	1,209
Wages and Benefits	<u>107,098</u>
Web Hosting	372
Office Expenses and Supplies	4,811
Pension Benefits	10,093
Postage	348
Payroll Taxes	8,376
Building Lease	7,050
Auto, Travel and Entertainment	8,074
Website and Brand Build Design	20,530
Utilities	3,900
Workforce Development	3,930
Realized Loss/Fees	6,634
Other Expenses	<u>4,651</u>
<i>Total Cash Disbursements</i>	<u>202,025</u>
<i>Excess of Receipts Over Disbursements</i>	<u>40,983</u>
Other Financing Receipts (Disbursements)	
Economic Development - Sources	24,306
Community Development	10,600
CRA Compensation Revenue	97,151
Elevate - Other Financing Uses	(1,067)
Economic Development - Uses	(30,045)
CRA Disbursements	<u>(97,151)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>3,794</u>
<i>Net Change in Fund Cash Balance</i>	44,777
<i>Fund Cash Balance, January 1</i>	<u>451,997</u>
Fund Cash Balance, December 31	
Restricted	1,488
Unassigned	<u>495,280</u>
<i>Fund Cash Balance, December 31</i>	<u>\$496,774</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, 2022**

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, 2022
(Continued)

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, 2022
(Continued)

	2022
Demand deposits	\$11,180
Other time deposits (savings and NOW accounts)	5
Total deposits	<u>11,185</u>
Money market mutual fund	371,414
Fixed income exchange traded funds (at cost, fair value was \$49,052)	49,916
Equity exchange traded funds (at cost, fair value was \$59,305)	<u>64,259</u>
Total investments	<u>485,589</u>
Total deposits and investments	<u><u>\$496,774</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, 2022 was \$7,050.

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

Year Ending December 31:	Lease Payments
2023	\$6,570
2024	7,280
2025	<u>2,440</u>
Total	<u><u>\$16,290</u></u>

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, 2022
(Continued)**

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.

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, 2022.

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.



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, 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*, the financial statements of the Putnam County Community Improvement Corporation, Putnam County, Ohio (the Corporation) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated December 17, 2024, 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 1724.05.

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 purpose 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.

Putnam County Community Improvement Corporation
Putnam County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001

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 17, 2024

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY**

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

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

FINDING NUMBER 2023-001

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, 2023 AND 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	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 2023-001 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 12/31/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov