

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**

**PUTNAM COUNTY**

**JANUARY 1, 2009 TO DECEMBER 31, 2009**





Mary Taylor, CPA  
Auditor of State

Board of Directors  
Putnam County Community Improvement Corporation  
P. O. Box 145  
Ottawa, Ohio 45875

We have reviewed the *Independent Auditor's Report* of the Putnam County Community Improvement Corporation prepared by Luderman & Konst, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Putnam County Community Improvement Corporation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 4, 2010

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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**(An Ohio Non-Profit Corporation)**

**FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2009**

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*Luderman & Konst, Inc.*  
Certified Public Accountants

April 16, 2010

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Putnam County Community Improvement Corporation  
PO Box 145  
Ottawa, Ohio 45875

We have audited the accompanying statement of financial position of Putnam County Community Improvement Corporation (An Ohio Non-Profit Corporation) as of December 31, 2009 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the above-mentioned financial statements present fairly in all material respects, the financial position of Putnam County Community Improvement Corporation as of December 31, 2009 and the result of its changes in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2010, on our consideration of the Organization'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors  
Putnam County Community Improvement Corporation  
April 16, 2010  
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Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Luderman & Konst, Inc.*

Luderman & Konst, Inc.  
Certified Public Accountants

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2009**

*Exhibit A***ASSETS****CURRENT ASSETS**

Cash	\$ 106,600
Prepaid Expenses	590
Total Current Assets	<u>107,190</u>

**PROPERTY & EQUIPMENT**

Furniture & Fixtures	9,251
Vehicles	14,125
Less: Accumulated Depreciation	<u>(18,703)</u>
Total Property & Equipment	<u>4,673</u>

**OTHER ASSETS**

Intangible Assets	3,200
Less: Accumulated Amortization	<u>(3,200)</u>
Total Intangible Assets	<u>0</u>

<b>Total Assets</b>	<b>\$ <u>111,863</u></b>
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**LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts Payable	\$ 2,050
Accrued Wages	1,315
Accrued Fringes	7,292
Accrued Vacation & Sick Benefits	<u>13,391</u>
Total Current Liabilities	<u>24,048</u>

**NET ASSETS**

Unrestricted Net Assets	<u>87,815</u>
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<b>Total Liabilities &amp; Net Assets</b>	<b>\$ <u>111,863</u></b>
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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
*For The Year Ended December 31, 2009*

**Exhibit B**

**REVENUE - OPERATING**

Contributions	\$ 76,020
Miscellaneous Income	2,456
Revenue Pass Through	556,652
Membership Dues	820
Enterprise Zone Fees	28,800
Total Operating Revenue	664,748

**OPERATING EXPENSES**

Operating Expenses - Schedule I	693,982
Operating Revenue Less Expenses	(29,234)

**OTHER REVENUE**

Interest Income	1,414
Total Other Revenue	1,414
Decrease In Net Assets	(27,820)
Net Assets At Beginning Of Year, As Restated	115,635
Net Assets At End Of Year	\$ 87,815

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended December 31, 2009**

Exhibit C**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease In Net Assets \$ (27,820)

**ADJUSTMENTS TO RECONCILE CHANGE IN NET  
ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:**

Depreciation	3,370
Decrease In Prepaid Insurance	54
Increase In Accounts Payable	1,234
Increase In Accrued Wages	348
Increase In Accrued Fringes	520
Increase In Accrued Vacation & Sick Benefits	682
Total Adjustments	6,208
Net Cash Used In Operating Activities	(21,612)

**CASH FLOWS FROM INVESTING ACTIVITIES :**

Purchase Of Property & Equipment	(1,950)
Net Cash Used For Investing Activities	(1,950)

**CASH FLOWS FROM FINANCING ACTIVITIES :**

None	0
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NET DECREASE IN CASH AND CASH EQUIVALENTS (23,562)

CASH AND CASH EQUIVALENTS AT JANUARY 1, 130,162

CASH AND CASH EQUIVALENTS AT DECEMBER 31, \$ 106,600

**SUPPLEMENTAL DISCLOSURES :**

Interest Paid \$ 0

Income Taxes Paid \$ 0

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Putnam County Community Improvement Corporation is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. The major sources of revenue of the Organization are from contributions and enterprise zone revenue and fees.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property & Equipment** – All property and equipment are recorded at cost and are depreciated using the straight line method over the asset's estimated useful lives. Furniture & fixtures are depreciated using a 5-7 year life and the vehicles a 5-year life. Expenditures for repairs and maintenance are charged to expense as incurred. Major improvements are capitalized.

**Basis Of Presentation** – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Project is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management is of the opinion that there were no permanently restricted or temporarily restricted net assets at December 31, 2009.

**Cash Equivalents** – For the purpose of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**NOTE 2 – BUSINESS ACTIVITY**

Putnam County Community Improvement Corporation was formed in 1984 to advance, encourage, and promote the industrial, economic, commercial, and civic development of Putnam County.

**NOTE 3 – EXEMPTION FROM FEDERAL INCOME TAX**

The Organization is considered exempt under code section 501(c)(3) and holds a letter of exemption from income tax dated September 4, 1986. Information returns, Form 990, have been filed for all years through December 31, 2008. The 2009 Form 990 will be filed prior to May 15, 2010. The Organization is not considered a private foundation.

**NOTE 4 – LEASE COMMITMENTS**

Beginning in April 2006, the Organization was leasing space from Michael Borer for \$ 250 per month. The lease was a verbal agreement only on a month-to-month basis and ended in February 2009. Beginning in March 2009, the Organization is leasing space for \$ 350 per month. The lease is a verbal agreement only on month-to-month basis. Total lease expense for the year is \$ 3,381.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2009*

**NOTE 5 – PENSION**

The Organization established a Simplified Employee Pension Plan in April 1991 covering all employees. The Organization has elected to contribute 15% of each employee's gross wages. Pension expense for 2009 was \$ 13,145.

**NOTE 6 – PROGRAM SERVICES AND ADMINISTRATIVE EXPENSES**

Total expenses for 2009 consist of expenses related to program services and administrative expenses and are as follows:

Program Services	\$ 648,520
Administrative	<u>45,462</u>
Total	<u>\$ 693,982</u>

**NOTE 7 – ENTERPRISE ZONE REVENUE & ENTERPRISE ZONE FEES**

The Organization received enterprise zone fees of \$ 28,800. An amount of \$ 800 represents Putnam County's share of the enterprise zone compensation payments, which have been paid to the Putnam County Community Improvement Corporation. The balance of \$ 28,000 represents prior year enterprise zone fees awarded to the Organization as a result of prior litigation with Putnam County.

**NOTE 8 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 16, 2010 which is the date the financial statements were available to be issued.

**NOTE 9 – PRIOR PERIOD ADJUSTMENT**

Retained Earnings at January 1, 2009 were restated from \$ 128,344 to \$ 115,635. The restatement was necessary to recognize accrued vacation and sick benefits.

## ***Supplemental Information***

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**SCHEDULE OF OPERATING EXPENSES**  
*For The Year Ended December 31, 2009*

Schedule I**OPERATING EXPENSES**

Economic Development	\$ 34
Expense Pass Through	556,492
Bond & Liability Insurance	1,382
Supplies & Postage	2,511
Professional Services	5,178
Salary & Wages	88,665
Fringes - Payroll Taxes	10,655
Education & Training	350
Telephone	3,274
Auto Expense	1,604
Depreciation	3,370
Pension	13,145
Rent	3,831
Travel & Entertainment	473
Dues & Subscriptions	100
Annual Dinner	2,358
Internet	560
Total Operating Expenses	<u>\$ 693,982</u>



*Luderman & Konst, Inc.*

Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH 'GOVERNMENT AUDITING STANDARDS'**

**April 16, 2010**

***Board of Directors***

Putnam County Community Improvement Corporation  
PO Box 145  
Ottawa, Ohio 45875

We have audited the financial statements of the Putnam County Community Improvement Corporation (a Nonprofit Organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated April 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. See significant deficiency 2009-1.

***Board of Directors***

Putnam County Community Improvement Corporation

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***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Organization and is not intended to be used and should not be used by anyone other than these specified parties.

*Luderman & Konst, Inc.*

Luderman & Konst, Inc.  
Certified Public Accountants



**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION  
SCHEDULE OF FINDINGS AND RESPONSE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**SIGNIFICANT DEFICIENCY 2009-1**

**Condition**

Management lacks the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes.

**Criteria**

Government auditing standards require that management possess the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes.

**Cause**

Internal controls over financial reporting are not in place.

**Effect**

Because management lacks the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes, there could be misstatements in the financial reporting.

**Recommendation**

We recommend that management review the situation and explore possible alternatives.

**AUDITEE RESPONSE**

The CIC is a small organization with limited financial resources and we have just recently, because of budget constraints, reduced our secretarial services to part-time status. However, the CIC, with its existing staff, will make every attempt to assure complete and accurate financial procedures are being followed and all records are open to the members of the CIC.





**Mary Taylor, CPA**  
Auditor of State

**COMMUNITY IMPROVEMENT CORPORATION**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 17, 2010**