

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

*FINANCIAL STATEMENTS
For The Year Ended December 31, 2010*



Dave Yost • 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, 2010 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 19, 2011

This Page is Intentionally Left Blank.

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

FINANCIAL STATEMENTS
For The Year Ended December 31, 2010

INDEX

| | <u>Page No.</u> |
|---|-----------------|
| Index ----- | 1 |
| Accountant's Letter----- | 2 & 3 |
| Statement of Financial Position – Exhibit A ----- | 4 |
| Statement of Activities – Exhibit B ----- | 5 |
| Statement of Cash Flows – Exhibit C ----- | 6 |
| Notes to Financial Statements ----- | 7, & 8 |
| <i>Supplemental Information:</i> | |
| Schedule of Operating Expenses – Schedule I----- | 9 |
| Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u> ----- | 10 & 11 |
| Schedule of Findings and Response ----- | 12 |



Luderman & Konst, Inc.
Certified Public Accountants

March 3, 2011

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, 2010 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 financial statements referred to above present fairly, in all material respects, the financial position of Putnam County Community Improvement Corporation as of December 31, 2010 and the changes in net assets and its 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 March 3, 2011, 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
March 3, 2011
Page 2

Our audit was conducted 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 audit 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, 2010

*Exhibit A*ASSETSCURRENT ASSETS

| | |
|----------------------|---------------|
| Cash | \$ 67,229 |
| Prepaid Expenses | 1,099 |
| Total Current Assets | <u>68,328</u> |

PROPERTY & EQUIPMENT

| | |
|--------------------------------|-----------------|
| Furniture & Fixtures | 9,251 |
| Vehicles | 14,125 |
| Less: Accumulated Depreciation | <u>(20,757)</u> |
| Total Property & Equipment | <u>2,619</u> |

OTHER ASSETS

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

| | |
|---------------------|--------------------------------|
| Total Assets | \$ <u><u>70,947</u></u> |
|---------------------|--------------------------------|

LIABILITIES AND NET ASSETSCURRENT LIABILITIES

| | |
|----------------------------------|---------------|
| Accounts Payable | \$ 1,400 |
| Accrued Wages | 1,644 |
| Accrued Fringes | 6,860 |
| Accrued Vacation & Sick Benefits | <u>12,073</u> |
| Total Current Liabilities | <u>21,977</u> |

NET ASSETS

| | |
|-------------------------|---------------|
| Unrestricted Net Assets | <u>48,970</u> |
|-------------------------|---------------|

| | |
|---|--------------------------------|
| Total Liabilities & Net Assets | \$ <u><u>70,947</u></u> |
|---|--------------------------------|

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Exhibit BREVENUE - OPERATING

| | |
|-------------------------|----------------|
| Contributions | \$ 65,775 |
| Miscellaneous Income | 2,483 |
| Revenue Pass Through | 17,755 |
| Membership Dues | 1,480 |
| Enterprise Zone Fees | 25,495 |
| Total Operating Revenue | <u>112,988</u> |

OPERATING EXPENSES

| | |
|---------------------------------|----------------|
| Operating Expenses - Schedule I | <u>152,220</u> |
| Operating Revenue Less Expenses | (39,232) |

OTHER REVENUE

| | |
|---------------------------------|------------------|
| Interest Income | <u>387</u> |
| Total Other Revenue | <u>387</u> |
| Decrease In Net Assets | (38,845) |
| Net Assets At Beginning Of Year | <u>87,815</u> |
| Net Assets At End Of Year | <u>\$ 48,970</u> |

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2010

Exhibit CCASH FLOWS FROM OPERATING ACTIVITIES

Decrease In Net Assets \$ (38,845)

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

| | |
|--|----------|
| Depreciation | 2,053 |
| (Increase) In Prepaid Insurance | (509) |
| (Decrease) In Accounts Payable | (650) |
| Increase In Accrued Wages | 329 |
| (Decrease) In Accrued Fringes | (6,530) |
| Increase In Accrued Vacation & Sick Benefits | 4,781 |
| Total Adjustments | (526) |
| Net Cash Used In Operating Activities | (39,371) |

CASH FLOWS FROM INVESTING ACTIVITIES :None 0CASH FLOWS FROM FINANCING ACTIVITIES :None 0NET DECREASE IN CASH AND CASH EQUIVALENTS (39,371)CASH AND CASH EQUIVALENTS AT JANUARY 1, 106,600CASH AND CASH EQUIVALENTS AT DECEMBER 31, \$ 67,229SUPPLEMENTAL DISCLOSURES :Interest Paid \$ 0Income Taxes Paid \$ 0

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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, 2010.

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, 2009. The 2010 Form 990 will be filed prior to May 15, 2011. The Organization is not considered a private foundation.

NOTE 4 – LEASE COMMITMENTS

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 \$ 4,200.

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 2010 was \$ 13,270.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 6 – PROGRAM SERVICES AND ADMINISTRATIVE EXPENSES

Total expenses for 2010 consist of expenses related to program services and administrative expenses and are as follows:

| | |
|------------------|-------------------|
| Program Services | \$ 107,773 |
| Administrative | <u>44,447</u> |
| Total | <u>\$ 152,220</u> |

NOTE 7 – ENTERPRISE ZONE REVENUE & ENTERPRISE ZONE FEES

The Organization received enterprise zone fees of \$ 25,495. An amount of \$ 5,245 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 \$ 20,250 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 March 3, 2011 which is the date the financial statements were available to be issued.

Supplemental Information

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
SCHEDULE OF OPERATING EXPENSES
For The Year Ended December 31, 2010

Schedule IOPERATING EXPENSES

| | |
|----------------------------|-------------------|
| Economic Development | \$ 535 |
| Expense Pass Through | 16,903 |
| Bond & Liability Insurance | 1,450 |
| Supplies & Postage | 2,628 |
| Professional Services | 4,872 |
| Salary & Wages | 87,478 |
| Fringes - Payroll Taxes | 10,269 |
| Education & Training | 169 |
| Telephone | 2,844 |
| Auto Expense | 1,528 |
| Depreciation | 2,053 |
| Pension | 13,270 |
| Rent | 4,200 |
| Travel & Entertainment | 612 |
| Dues & Subscriptions | 457 |
| Annual Dinner | 2,300 |
| Advertising | 140 |
| Internet | 512 |
| Total Operating Expenses | \$ <u>152,220</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'**

March 3, 2011

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, 2010, and have issued our report thereon dated March 3, 2011. 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 2010-1.

Board of Directors

Putnam County Community Improvement Corporation

Page 2

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, 2010

SIGNIFICANT DEFICIENCY 2010-1

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.

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

PUTNAM COUNTY 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
MAY 5, 2011**