



Dave Yost • Auditor of State

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Putnam County Community Improvement Corporation, Putnam County, Ohio (the CIC), (a not-for-profit corporation), which comprise the statements of financial position, the related statements of activities and cash flows, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing those risks of financial statement material misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the CIC's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the CIC's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

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, Putnam County, Ohio as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2017, on our consideration of the CIC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CIC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

January 18, 2017

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$182,065
Investments	21,066
Prepaid Expense	835
Total Current Assets	<u>203,966</u>

PROPERTY AND EQUIPMENT

Furniture & Fixtures	15,048
Vehicles	21,949
Less Accumulated Depreciation	(5,303)
Net Property And Equipment	<u>31,694</u>

OTHER ASSETS

Intangible Assets	3,200
Less Accumulated Depreciation	(3,200)
Net Intangible Assets	<u> </u>

TOTAL ASSETS

\$235,660

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$251
Payroll Withholdings	1,755
Accrued Salaries	2,855
Accrued Pension	3,517
Accrued Sick and Vacation	9,242
Total Current Liabilities	<u>17,620</u>

NET ASSETS

Unrestricted	<u>218,040</u>
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TOTAL LIABILITIES AND NET ASSETS

\$235,660

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

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

UNRESTRICTED NET ASSETS

SUPPORT

Contributions	\$109,995
Enterprise Zone Revenue	59,994
Enterprise Zone Fees	94,341
Interest	6
Reimbursed Expenses	1,938
Membership Dues	900
Other	7,014
Total Unrestricted Support	<u>274,188</u>

EXPENSES

	Program	General and Administration	Total
Auto Expense	\$1,597		\$1,597
Annual Dinner and Banquet Expense	1,655		1,655
Dues and Subscriptions		\$275	275
Insurance	2,041	2,041	4,082
Depreciation	6,011		6,011
Professional and Accounting Fees		4,045	4,045
Advertising and Promotion	19		19
Salary and Wages	57,271	19,091	76,362
Office Expense and Supplies		6,609	6,609
Pension Benefits	8,494	2,831	11,325
Telephone	1,752	583	2,335
Internet	385	128	513
Postage	547	182	729
Enterprise Zone Comp Disbursements	61,095		61,095
Payroll Taxes	4,433	1,448	5,881
Rent	3,548	1,182	4,730
Travel and Entertainment		650	650
Utilities - Gas and Electric	1,075	358	1,433
Other Expenses		1,964	1,964
Total Expenses	<u>149,923</u>	<u>41,387</u>	<u>191,310</u>
Increase In Unrestricted Net Assets			82,878
Net Assets - Beginning of Year			<u>135,162</u>
Net Assets - End of Year			<u><u>\$218,040</u></u>

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

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change In Net Assets	\$82,878
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**ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS
TO NET CASH PROVIDED BY (USED) IN OPERATING
ACTIVITIES:**

(Increase) in Furniture and Fixtures	(8,534)
(Increase) in Vehicles	(3,894)
(Decrease) in Accumulated Depreciation	(4,958)
(Decrease) In Payroll Withholdings	(34)
Increase In Accounts Payable	1
Increase In Accrued Vacation	659
	659

NET INCREASE IN CASH

66,118

CASH AT BEGINNING OF YEAR

115,947

CASH AT END OF YEAR

\$182,065

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

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$115,947
Investments	21,066
Prepaid Expense	835
Total Current Assets	137,848

PROPERTY AND EQUIPMENT

Furniture & Fixtures	6,514
Vehicles	18,055
Less Accumulated Depreciation	(10,261)
Net Property And Equipment	14,308

OTHER ASSETS

Intangible Assets	3,200
Less Accumulated Depreciation	(3,200)
Net Intangible Assets	—

TOTAL ASSETS	\$152,156
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$250
Payroll Withholdings	1,789
Accrued Salaries	2,855
Accrued Pension	3,517
Accrued Sick and Vacation	8,583
Total Current Liabilities	16,994

NET ASSETS

Unrestricted	135,162
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TOTAL LIABILITIES AND NET ASSETS	\$152,156
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The notes to the financial statements are an integral part of this statement.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

UNRESTRICTED NET ASSETS

SUPPORT

Contributions	\$103,550
Enterprise Zone Revenue	51,669
Enterprise Zone Fees	93,656
Interest	4
Reimbursed Expenses	1,514
Membership Dues	869
Other	9,096
Total Unrestricted Support	260,358

EXPENSES

	Program	General and Administration	Total
Auto Expense	\$1,888		\$1,888
Annual Dinner and Banquet Expense	1,583		1,583
Insurance	2,479	\$2,479	4,958
Contributions	3,000		3,000
Depreciation	4,144		4,144
Economic Development Expense	75		75
Professional and Accounting Fees		4,049	4,049
Advertising and Promotion	19		19
Salary and Wages	67,085	17,833	84,918
Office Expense and Supplies		1,525	1,525
Pension Benefits	12,030	3,198	15,228
Telephone	2,549	850	3,399
Internet	492	164	656
Postage	842	281	1,123
Enterprise Zone Comp Disbursements	53,669		53,669
Medical	932		932
Payroll Taxes	5,157	1,371	6,528
Rent	2,377	793	3,170
Travel and Entertainment		487	487
Utilities - Gas and Electric	1,358	453	1,811
Other Expenses		570	570
Total Expenses	159,679	34,053	193,732
Increase In Unrestricted Net Assets			66,626
Net Assets - Beginning of Year			68,536
Net Assets - End of Year			\$135,162

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

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES

Change In Net Assets	\$66,626
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS
TO NET CASH PROVIDED BY (USED) IN OPERATING
ACTIVITIES:**

Increase In Accounts Payable	250
(Decrease) In Payroll Withholdings	(8,073)
Depreciation	4,144
Increase In Accrued Vacation	1,211
	1,211

NET INCREASE IN CASH

64,158

CASH AT BEGINNING OF YEAR

51,789

CASH AT END OF YEAR

\$115,947

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

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Putnam County Community Improvement 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.

Method of Accounting

The financial statements of the CIC have been prepared on the accrual basis of accounting. Under this method of accounting, revenues are generally recognized when earned rather than when received, and expenditures are generally recognized when incurred rather than when paid.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117), *Not-For-Profit Entities*. Under ASC 958, the CIC 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.

Unrestricted: Includes all resources over which the CIC's board of trustees has discretionary control to use in carrying on the operations of the CIC.

Temporarily Restricted: Includes all resources expendable only for operating purposes specified by the donor or grantor. Satisfaction of temporary restriction is made when revenue is expended for a project or when the revenue may be spent due to passage of a time restriction. At December 31, 2015 and 2014 the CIC had no temporarily restricted net assets.

Permanently Restricted: Includes all resources that are not expendable as specified by the donor or grantor. At December 31, 2015 and 2014, the CIC had no permanently restricted net assets.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost. Depreciation for financial reporting and for federal tax reporting is computed using the straight-line method over the asset's estimated useful life. The CIC capitalizes all acquisitions. Property and equipment is recorded at cost and depreciated using the straight-line method over the asset's estimated useful life. Depreciation expense for the year ended December 31, 2015 and 2014 was \$6,011 and \$4,144, respectively.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Putnam County Community Improvement Corporation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014**

NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions are used by Putnam County Community Improvement Corporation in estimating the fair value of its financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents approximates fair value.

Investments

Accounting principles generally accepted in the United States of America establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standards describe three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Fair value of assets measured on a recurring basis as of year ended December 31, 2015 and 2014 was \$21,066 and \$21,066, respectively, both years was Quoted Prices in Active Markets for Identical Assets (Level 1).

NOTE 3 - INCOME TAX STATUS

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

The CIC 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 CIC's U.S. federal income tax returns for the years ended December 31, 2011 and prior are closed and are no longer subject to examination.

NOTE 4 –BUILDING RENT/LEASE

Putnam County Community Improvement 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, 2015 and 2014 was \$4,730 and \$3,170, respectively.

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

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
PUTNAM COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 and 2014

Year	<u>Lease</u> <u>Payments</u>
2016	\$6,320
2017	6,440
2018	6,560
2019	6,680
2020	6,800
2021-2025	<u>30,840</u>
Totals	<u><u>\$63,640</u></u>

NOTE 5 – RISK MANAGEMENT

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

NOTE 6 – PENSION

The CIC established a Simplified Employee Pension Plan in April 1991 covering all employees. The CIC has elected to contribute 15% of each employee's gross wages. Pension expense for the year ending December 31, 2015 and 2014 was \$11,325 and \$15,228, respectively.

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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
PO Box 145
Ottawa, Ohio 45875

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Putnam County Community Improvement Corporation, Putnam County, Ohio (the CIC), (a not-for-profit corporation), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the CIC's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the CIC's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the CIC's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the CIC's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and

accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

January 18, 2017



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
FEBRUARY 2, 2017**