

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION

OTTAWA, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2011



Dave Yost • Auditor of State

Board of Trustees
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, Putnam County, prepared by E.S. Evans and Company, for the audit period January 1, 2011 to December 31, 2011. 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.

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Dave Yost
Auditor of State

December 11, 2012

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PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

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E.S. Evans and Company

Certified Public Accountants

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E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
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July 18, 2012

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Putnam County Community Improvement Corporation
Ottawa, Ohio

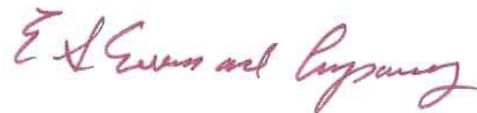
We have audited the accompanying statement of financial position of Putnam County Community Improvement Corporation (the CIC) as of December 31, 2011, and the related statement of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's 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 the Comptroller General of the United States' Government Auditing Standards. 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 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, 2011, and the changes in its 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 July 18, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenses on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", is located at the bottom right of the page.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

STATEMENT OF FINANCIAL POSITION

December 31, 2011

ASSETS

Current Assets:

Cash	\$	60,735
Prepaid Expenses		749
Total Current Assets		<u>61,484</u>

Property and Equipment:

Furniture and Fixtures		5,551
Vehicles		14,125
Total Property and Equipment		19,676
Less: Accumulated Depreciation		<u>(16,940)</u>
Net Property and Equipment		<u>2,736</u>

Other Assets:

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

<u>Total Assets</u>	\$	<u><u>64,220</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	200
Payroll Withholdings		3,590
Accrued Salaries		1,668
Accrued Pension		1,412
Accrued Sick and Vacation		18,366
Total Current Liabilities		<u>25,236</u>

Net Assets:

Unrestricted Net Assets		<u>38,984</u>
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<u>Total Liabilities and Net Assets</u>	\$	<u><u>64,220</u></u>
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The accompanying notes are an integral part of these financial statements.

EXHIBIT A

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Revenues and Support:

Contributions	\$	70,965
Enterprise Zone Revenue		133,447
Enterprise Zone Fees		53,296
Interest		199
Membership Dues		1,190
Other		<u>8,373</u>
Total Revenues and Support		<u>267,470</u>

Expenses - Schedule #1

Program Services		245,103
General and Administration		<u>32,353</u>
Total Expenses		<u>277,456</u>

Increase/(Decrease) in Net Assets (9,986)

Net Assets - Beginning of Year 48,970

Net Assets - End of Year \$ 38,984

The accompanying notes are an integral part of these financial statements.

EXHIBIT B

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:

Change in Net Assets	\$ <u>(9,986)</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities -	
Depreciation	783
(Increase)/Decrease in Prepaid Expenses	350
Increase/(Decrease) in Accounts Payable	2,390
Increase/(Decrease) in Accrued Expenses	<u>869</u>
Total Adjustments	<u>4,392</u>
Net Cash Provided/(Used) by Operating Activities	<u>(5,594)</u>

Cash Flows from Investing Activities:

Purchase of Property and Equipment	<u>(900)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(900)</u>

<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	(6,494)
Cash and Cash Equivalents at Beginning of Year	<u>67,229</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>60,735</u></u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note A – Summary of Significant Accounting Policies

The significant accounting policies followed by Putnam County Community Improvement Corporation are described below.

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.

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 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, 2011 was \$783.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note A – Summary of Significant Accounting Policies (continued)

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.

Fair Value of Financial Instruments

The carrying amount reported on the statement of financial position for cash and cash equivalents is fair value.

Note B – Income Taxes

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, 2007 and prior are closed and are no longer subject to examination.

Note C – 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 December 31, 2011 was \$13,406.

Note D – Subsequent Events

Subsequent events were evaluated through July 18, 2012, which is the date the financial statements were available to be issued. Nothing material was noted to be disclosed.

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PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF EXPENSES
For the Year Ended December 31, 2011

	<u>Program</u>	<u>General and Administration</u>	<u>Total</u>
Education	\$ 390	\$ -	\$ 390
Auto Expense	2,334	-	2,334
Annual Dinner and Banquet Expense	473	-	473
Bank Service Charges	-	93	93
Dues and Subscriptions	275	-	275
Insurance	886	1,078	1,964
Workers Comp Insurance	-	281	281
Depreciation	-	783	783
Economic Development Expense	350	-	350
Interest	-	4	4
Professional Fees	-	797	797
Accounting Fees	-	4,600	4,600
Advertising and Promotion	125	-	125
Salary and Wages	79,356	16,338	95,694
Office Expense and Supplies	-	1,201	1,201
Pension Benefits	11,128	2,278	13,406
Telephone	2,063	688	2,751
Internet	385	128	513
Postage	874	291	1,165
Enterprise Zone Comp Disbursements	133,547	-	133,547
Medical	3,948	-	3,948
Payroll Taxes	5,779	1,184	6,963
Rent	2,925	975	3,900
Travel and Entertainment	-	622	622
Utilities - Gas and Electric	265	88	353
Other Expenses	-	924	924
	<u>\$ 245,103</u>	<u>\$ 32,353</u>	<u>\$ 277,456</u>

The accompanying notes are an integral part of these financial statements.

Schedule #1

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E.S. Evans and Company

Certified Public Accountants

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Steven D. Hooker, CPA • John E. Klay, CPA

July 18, 2012

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Putnam County Community Improvement Corporation
Ottawa, Ohio

We have audited the financial statements of the Putnam County Community Improvement Corporation, Ottawa, Ohio, (the CIC) as of and for the year ended December 31, 2011, and have issued our report thereon dated July 18, 2012. 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 the Comptroller General of the United States' Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the CIC'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 opining on the effectiveness of the CIC's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the CIC'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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-001 to be a significant deficiency. 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.

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, providing an opinion 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 that we must report under Government Auditing Standards.

We did note a certain matter not requiring inclusion in this report that we reported to the CIC's management in a separate letter dated July 18, 2012.

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

We intend this report solely for the information and use of management of Putnam County Community Improvement Corporation and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.



SCHEDULE OF AUDIT FINDINGS
December 31, 2011

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2011-001 – Significant Deficiency

Government auditing standards require management to possess the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes. CIC's accounting records required audit adjustments of \$14,950 for 2011. These adjustments included certificate of deposit interest, accrued sick and vacation, accrued wages and pension, and asset addition and deletions and depreciation expense.

The failure to include all financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the CIC's ability to make sound financial decisions, and may result in the material misstatement of the financial statements. The CIC's accounting records and accompanying financial statements have been adjusted to include the audit adjustments in the amount of \$14,950.

We recommend that the accounting records be reviewed for any material misstatements throughout the year and that year-end accounting records properly reflect all accruals necessary under accounting principles generally accepted in the United States of America.

CIC's Response

After discussion with the auditors, the CIC understands and will make the necessary adjustments for 2012 and going forward.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-1	Accuracy of Financial Reporting	No	Repeated as Finding 2011-001



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
DECEMBER 20, 2012**