

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION

OTTAWA, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2013



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, prepared by E.S. Evans and Company, for the audit period January 1, 2013 through December 31, 2013. 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

July 25, 2014

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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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May 30, 2014

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Putnam County Community Improvement Corporation
Ottawa, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Putnam County Community Improvement Corporation, Ottawa, Ohio, (the CIC) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the CIC's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions 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 financial audit standards 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the CIC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Putnam County Community Improvement Corporation as of December 31, 2013, and the respective changes in financial position and cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted to opine on the CIC's financial statements taken as a whole. The schedule of expenses on page 9 presents additional analysis and is not a required part of the financial statements.

The schedule of expenses is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied 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, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014, 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.

A handwritten signature in red ink, likely of the auditor, is located at the bottom right of the page. The signature is cursive and appears to read "E. J. Green and Company".

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

STATEMENT OF FINANCIAL POSITION

December 31, 2013

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	51,789
Investments		21,066
Prepaid Expenses		835
Total Current Assets		<u>73,690</u>

Property and Equipment:

Furniture and Fixtures		6,514
Vehicles		18,055
Total Property and Equipment		24,569
Less: Accumulated Depreciation		<u>(6,117)</u>
Net Property and Equipment		<u>18,452</u>

Other Assets:

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

Total Assets \$ 92,142

LIABILITIES AND NET ASSETS

Current Liabilities:

Payroll Withholdings	\$	9,862
Accrued Salaries		2,855
Accrued Pension		3,517
Accrued Sick and Vacation		7,372
Total Current Liabilities		<u>23,606</u>

Net Assets:

Unrestricted Net Assets		<u>68,536</u>
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Total Liabilities and Net Assets \$ 92,142

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, 2013

Revenues and Support:

Contributions	\$	74,255
Enterprise Zone Revenue		28,136
Enterprise Zone Fees		94,704
Interest		40
Membership Dues		890
Gain on Sale of Vehicle		2,200
Other		<u>7,923</u>
Total Revenues and Support		<u>208,148</u>

Expenses - Schedule #1

Program Services		163,977
General and Administration		<u>35,449</u>
Total Expenses		<u>199,425</u>

Increase/(Decrease) in Net Assets 8,723

Net Assets - Beginning of Year 59,813

Net Assets - End of Year \$ 68,536

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, 2013

Cash Flows from Operating Activities:

Change in Net Assets	\$ <u>8,723</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities -	
Depreciation	2,499
Gain on Sale of Vehicle	(2,200)
(Increase)/Decrease in Prepaid Expenses	(86)
Increase/(Decrease) in Accrued Expenses	<u>(4,304)</u>
Total Adjustments	<u>(4,091)</u>
Net Cash Provided/(Used) by Operating Activities	<u>4,632</u>

Cash Flows from Investing Activities:

Purchase of Property and Equipment	(18,719)
Proceeds from Sale of Vehicle	2,200
Purchase of Investments	<u>(21)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(16,540)</u>

<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	(11,908)
Cash and Cash Equivalents at Beginning of Year	<u>63,697</u>
Cash and Cash Equivalents at End of Year	<u>\$ 51,789</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, 2013

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.

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, 2013 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, 2013, 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 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, 2013 was \$2,499.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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.

Note B - 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 at December 31, 2013 are as follows:

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

Note B - Fair Value of Financial Instruments (continued)

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Certificates of Deposit	\$ 21,066	\$ 21,066	\$ -	\$ -
Total	\$ 21,066	\$ 21,066	\$ -	\$ -

Note C – 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, 2009 and prior are closed and are no longer subject to examination.

Note D– Building Rent / Lease

Putnam County Community Improvement Corporation leases its office space from an independent third party. The current lease exists through February 28, 2016. Lease expense for the year ending December 31, 2013 was \$3,360.

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

2014	\$3,435
2015	3,500
2016	540

Note E – Risk Management

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

Note F – 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, 2013 was \$18,910.

Note G – Subsequent Events

Subsequent events were evaluated through May 30, 2014, which is the date the financial statements were available to be issued. Nothing material was noted to be disclosed.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF EXPENSES
For the Year Ended December 31, 2013

	Program	General and Administration	Total
Auto Expense	\$ 3,002	\$ -	\$ 3,002
Annual Dinner and Banquet Expense	542	-	542
Dues and Subscriptions	550	-	550
Insurance	1,106	1,086	2,192
Workers Comp Insurance	-	289	289
Depreciation	-	2,499	2,499
Economic Development Expense	460	-	460
Professional & Accounting Fees	-	4,199	4,199
Advertising and Promotion	185	-	185
Salary and Wages	96,222	16,980	113,202
Office Expense and Supplies	-	999	999
Pension Benefits	16,074	2,837	18,910
Telephone	2,966	989	3,954
Internet	319	106	425
Postage	545	182	727
Enterprise Zone Comp Disbursements	25,942	-	25,942
Medical	4,428	-	4,428
Payroll Taxes	8,248	1,455	9,703
Rent	2,520	840	3,360
Travel and Entertainment	-	531	531
Utilities - Gas and Electric	869	290	1,159
Other Expenses	-	2,167	2,167
	\$ 163,977	\$ 35,449	\$ 199,425

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

May 30, 2014

INDEPENDENT AUDITOR'S 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

Board of Trustees
Putnam County Community Improvement Corporation
Ottawa, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Putnam County Community Improvement Corporation, Ottawa, Ohio, (the CIC) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the CIC's financial statements, and have issued our report thereon dated May 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CIC's internal control over financial reporting (internal control) to determine the 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 CIC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CIC'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 CIC'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CIC's financial statements are free of 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 CIC'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 CIC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2013

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

None

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Dave Yost • Auditor of State

PUTNAM 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
AUGUST 7, 2014**