

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION

OTTAWA, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012



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, 2012 through December 31, 2012. 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

July 11, 2013

This page was intentionally left blank.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT-----		Page 1
STATEMENT OF -		
FINANCIAL POSITION-----	EXHIBIT A	3
ACTIVITIES -----	EXHIBIT B	4
CASH FLOWS-----	EXHIBIT C	5
NOTES TO FINANCIAL STATEMENTS-----		6
SCHEDULE OF EXPENSES -----	Schedule #1	9
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY <u>GOVERNMENT AUDITING STANDARDS</u> -----		11
SCHEDULE OF FINDINGS -----		13
SCHEDULE OF PRIOR AUDIT FINDINGS -----		14

This page was intentionally left blank



E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevans.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

May 30, 2013

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, 2012, 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 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 the risks of material financial statement 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 the overall financial statement presentation.

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

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, 2012, 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 Matters

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, 2013, 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, appearing to read "E. J. Green and Company", is located at the bottom right of the page.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

STATEMENT OF FINANCIAL POSITION

December 31, 2012

ASSETS

Current Assets:

Cash	\$	84,742
Prepaid Expenses		749
Total Current Assets		<u>85,491</u>

Property and Equipment:

Furniture and Fixtures		5,851
Vehicles		14,125
Total Property and Equipment		19,976
Less: Accumulated Depreciation		<u>(17,744)</u>
Net Property and Equipment		<u>2,232</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>87,723</u></u>
---------------------	----	----------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Payroll Withholdings	\$	3,699
Accrued Salaries		2,377
Accrued Pension		1,411
Accrued Sick and Vacation		20,423
Total Current Liabilities		<u>27,910</u>

Net Assets:

Unrestricted Net Assets		<u>59,813</u>
-------------------------	--	---------------

<u>Total Liabilities and Net Assets</u>	\$	<u><u>87,723</u></u>
---	----	----------------------

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, 2012

Revenues and Support:

Contributions	\$	90,805
Enterprise Zone Revenue		647,280
Enterprise Zone Fees		60,258
Interest		122
Membership Dues		1,460
Other		9,718
Total Revenues and Support		<u>809,643</u>

Expenses - Schedule #1

Program Services		758,588
General and Administration		30,226
Total Expenses		<u>788,814</u>

Increase/(Decrease) in Net Assets 20,829

Net Assets - Beginning of Year 38,984

Net Assets - End of Year \$ 59,813

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, 2012

<u>Cash Flows from Operating Activities:</u>	
Change in Net Assets	\$ <u>20,829</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities -	
Depreciation	804
Increase/(Decrease) in Accounts Payable	(200)
Increase/(Decrease) in Accrued Expenses	<u>2,874</u>
Total Adjustments	<u>3,478</u>
Net Cash Provided/(Used) by Operating Activities	<u>24,307</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Property and Equipment	<u>(300)</u>
Net Cash Provided/(Used) by Investing Activities	<u>(300)</u>
<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	24,007
Cash and Cash Equivalents at Beginning of Year	<u>60,735</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>84,742</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, 2012

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, 2012 was \$804.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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, 2008 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, 2012 was \$13,544.

Note D – Subsequent Events

Subsequent events were evaluated through May 30, 2013, which is the date the financial statements were available to be issued. Nothing material was noted to be disclosed.

This page was intentionally left blank.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF EXPENSES
For the Year Ended December 31, 2012

	<u>Program</u>	<u>General and Administration</u>	<u>Total</u>
Auto Expense	\$ 2,596	\$ -	\$ 2,596
Annual Dinner and Banquet Expense	406	-	406
Dues and Subscriptions	275	-	275
Insurance	881	1,078	1,959
Workers Comp Insurance	-	298	298
Depreciation	-	804	804
Economic Development Expense	552	-	552
Professional & Accounting Fees	-	3,685	3,685
Advertising and Promotion	1,151	-	1,151
Salary and Wages	77,486	15,870	93,356
Office Expense and Supplies	-	900	900
Pension Benefits	11,242	2,302	13,544
Telephone	2,465	822	3,287
Internet	385	128	513
Postage	617	206	823
Enterprise Zone Comp Disbursements	647,212	-	647,212
Medical	4,284	-	4,284
Payroll Taxes	5,856	1,200	7,056
Rent	2,250	750	3,000
Travel and Entertainment	-	499	499
Utilities - Gas and Electric	930	310	1,240
Other Expenses	-	1,374	1,374
	<u>\$ 758,588</u>	<u>\$ 30,226</u>	<u>\$ 788,814</u>

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

Schedule #1

This page was intentionally left blank.



E.S. Evans and Company

Certified Public Accountants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075
P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • www.esevans.com

E.S. Evans, CPA, PFS (1930-1999) • Robert E. Wendel, CPA • Dan F. Clifford, CPA, CVA
Steven D. Hooker, CPA • John E. Klay, CPA

May 30, 2013

**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, in accordance with auditing standards generally accepted in the United States and Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Putnam County Community Improvement Corporation, Ottawa, Ohio, (the CIC) as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated May 30, 2013.

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, 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 a 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 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. H. Green and Company".

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF AUDIT FINDINGS
December 31, 2012

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

None

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
OTTAWA, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-1	Accuracy of Financial Reporting	No	Substantially corrected; no comment considered necessary in current year due to materiality thresholds.



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
JULY 23, 2013**