



**Auditor of State
Betty Montgomery**



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Putnam County Commissioners
245 E. Main Street, Suite 101
Ottawa, Ohio 45875-1968

We have performed the procedures enumerated below, which were agreed to by the Putnam County Commissioners, solely to assist the Commissioners in evaluating the procedures used by the Putnam County Community Improvement Corporation to administer Enterprise Zone Agreements on behalf of the County, for the period January 1, 2002 through December 31, 2003. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the County Commissioners. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures performed and the related findings are included in the attached exhibit.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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This report is intended solely for the information and use of the Putnam County Commissioners and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 20, 2004

EXHIBIT

Procedures Performed:

Procedure 1 – From the enterprise zone agreements and the property exempted by those agreements, we:

1. Read the Ohio Revised Code requirements for granting the exemptions, specifically Ohio Revised Code §§ 5709.61 to 5709.69, and compared the approvals in the agreements to the approvals required by the Ohio Revised Code,
2. Compared the procedures followed in filing for the exemptions to the procedures required by Ohio Revised Code § 5715.27,
3. Compared the assessed value of the exempted property for 2002 and 2003 used in calculating the exemption with the assessed values reported by the Putnam County Auditor; and
4. Recomputed the value of the exemption for each year and compared it to the exemption granted.

Procedure 2 – Based on the requirements of the enterprise zone agreements, we:

1. Recomputed the annual fee due for each outstanding enterprise zone agreement and compensation agreement,
2. Confirmed the amounts and timing of the fees paid,
3. Based on the date the fees were received and expended and the average bank statement interest for each year, computed the potential investment earnings on such fees,
4. Attempted to vouch the actual uses of the fees and compare the use to the uses detailed in the agreements,
5. Attempted to confirm and re-compute the amount of unused fees on hand,
6. Compared the fund the fees were receipted into to the fund the fees are required to be receipted into, and
7. Confirmed the fees were deposited in accordance with Ohio Revised Code Chapter 135.

Procedure 3 – Based on the requirements of the compensation agreements, we:

1. Recomputed the amount of compensation due pursuant to each compensation agreement and compared that to the amount actually paid,
2. Computed the potential investment earnings on the compensation paid, based on the date paid and the date the compensation was distributed to the applicable subdivisions,
3. Compared amounts distributed to the political subdivisions to the required distributions outlined in the agreements,
4. Compared the time elapsed between the receipt and disbursement of the amounts due the political subdivisions with the time distribution requirements outlined in the agreements,
5. Inspected the accounting records to confirm if there were any undistributed amounts due the political subdivisions and remaining on hand,

**EXHIBIT
(Continued)**

6. Compared the fund the amounts due from the compensation agreements were receipted into with the fund the agreements required these amounts to be receipted in; and
7. Confirmed the fees were deposited in accordance with Ohio Revised Code Chapter 135.

Over View of Procedures Performed:

The procedures were performed for all 30 enterprise zone agreements and related compensation agreements in effect for the period January 1, 2002 through December 31, 2003:

Results of Procedures Performed:

Procedure 1

1. There were no exceptions noted in performing this procedure.
2. Ohio Revised Code § 5715.27 requires application for exemption of real property to be filed with the Tax Commissioner, one (1) of the 30 agreements did not include evidence the application was filed with the Tax Commissioner as of December 31, 2003. The application for the one exception was filed in 2004.
3. For eight (8) of the 30 agreements the assessed value in calculating the exemption did not match the assessed value reported by the County Auditor. Of the eight (8) with variances seven (7) were in 2002 and were corrected in 2003. In the other instance an assessed value of \$242,500 was used in calculating the abatement and the County Auditor reported an assessed value of \$215,480.
4. In one of the 30 agreements the tax rate used in computing the exemption was higher than the actual tax rate reported by the County Auditor.

Procedure 2

1. For two (2) of the agreements the amount paid for the enterprise zone agreement fee was less than required by Ohio Revised Code § 5709.63(F) and for eight (8) of the agreements the amount paid was more than the amount required. For the compensation agreement fees, the Community Improvement Corporation did not assess or collect the fee outlined in the compensation agreement.
2. For the enterprise zone fees a total of \$49,024 was due for 2002 and 2003, \$57,400 was billed and collected, resulting in \$8,376 more collected than due. Based on the compensation agreements total fees of \$34,000 were due for 2002 and 2003, however, nothing was collected. (See results from Procedure 2-1 above)
3. The fees were commingled with all other revenues in the Community Improvement Corporation operating fund and the CIC was unable to document the actual use of the fees, as a result we were unable to compute the exact

**EXHIBIT
(Continued)**

amount of potential investment earning. We were able to compute a range of potential investment earnings of \$0 if the fees were expended on the date received to a maximum of \$832.87, if none of the fees were spent and remained on hand at year end. (See results from Procedure 2-6 below)

4. The fees were co-mingled with all other Community Improvement funds; as a result we were unable to vouch the actual uses of the fees. See results from Procedure 2-6 below)
5. The fees were co-mingled with all other Community Improvement funds and there was no detail available of the actual amount spent for administering the enterprise zone agreements. As a result we were unable to re-compute the amount, if any, of unused fees on hand. See results from Procedure 2-6 below)
6. Ohio Revised Code § 5709.63(F) requires the enterprise zone agreement fees to be payable to the Board of County Commissioners and be deposited in a special fund at the County to be used for the administration of the agreements. The fees were paid to the Community Improvement Corporation and were deposited in the general operating fund of the Putnam County Community Improvement Corporation and not a special County fund.
7. There were no exceptions noted in performing this procedure.

Procedure 3

1. For eight (8) of the 30 agreements the compensation due was not computed in accordance with the compensation agreement. Each of these was due to correction for prior year miss-statements. In addition to the exceptions noted in the prior sentence, one agreement stated compensation was to be paid on real and personal property, the corporation was only billed on real property, resulting in \$49 less collected/distributed than due in 2002; one agreement used estimated assessed values in the calculation, these values were more than the appraised value, resulting in \$407 and \$514 more collected/distributed than due in 2002 and 2003, respectively, and; one agreement included a calculation error, resulting in \$134 less collected/distributed than due in 2003.
2. Compensation for all but one (1) of the agreements was distributed to the appropriate subdivision on the day received. For the one not distributed on the day received it was distributed the next day, resulting in potential investment earnings of \$.33 on the compensation paid.
3. There were three (3) exceptions noted: one resulting in \$49 less collected/distributed than due, one resulting in \$134 less collected/distributed than due, and one resulting in \$407 and \$514 more collected/distributed than due (See results from procedure 3-1 above).
4. There were no exceptions noted in performing this procedure.

**EXHIBIT
(Continued)**

5. There were no undistributed amounts due the political subdivisions remaining on hand.
6. The amounts due from the compensation agreements were deposited in the general operating fund of the Putnam County Community Improvement Corporation and not a special fund as required by the agreements.
7. There were no exceptions noted in performing this procedure.



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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
NOVEMBER 16, 2004**