

***PUTNAM COUNTY  
COMMUNITY IMPROVEMENT CORPORATION  
(An Ohio Non-Profit Corporation)***

***FINANCIAL STATEMENTS  
For The Year Ended December 31, 2005***





**Auditor of State  
Betty Montgomery**

Board of Directors  
Putnam County Community Improvement Corporation  
Ottawa, Ohio

We have reviewed the *Independent Auditor's Report* of the Putnam County Community Improvement Corporation, prepared by Luderman & Konst, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 12, 2006

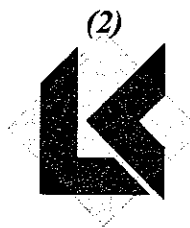
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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**(An Ohio Non-Profit Corporation)**

**FINANCIAL STATEMENTS**  
**For The Year Ended December 31, 2005**

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*Luderman & Konst, Inc.*  
Certified Public Accountants

February 17, 2006

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Putnam County Community Improvement Corporation  
PO Box 145  
Ottawa, Ohio 45875

We have audited the accompanying statement of financial position of Putnam County Community Improvement Corporation (An Ohio Non-Profit Corporation) as of December 31, 2005 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Company'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 Government Auditing Standards issued by the Comptroller General of the United States. 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 also 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 above-mentioned financial statements present fairly in all material respects, the financial position of Putnam County Community Improvement Corporation as of December 31, 2005 and the result of its changes in net assets and 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 a report dated February 17, 2006, on our consideration of Putnam County Community Improvement Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Board of Directors  
Putnam County Community Improvement Corporation  
February 17, 2006  
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Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Luderman & Konst, Inc.*

Luderman & Konst, Inc.  
Certified Public Accountants

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF FINANCIAL POSITION**  
*December 31, 2005*

Exhibit AASSETSCURRENT ASSETS

Cash	\$ 163,900
Accounts Receivable	28,786
Prepaid Insurance	1,469
Total Current Assets	<u>\$ 194,155</u>

PROPERTY & EQUIPMENT

Furniture & Fixtures	\$ 24,600
Vehicles	14,125
Less: Accumulated Depreciation	(21,382)
Total Property & Equipment	<u>\$ 17,343</u>

OTHER ASSETS

Intangible Assets	\$ 3,200
Less: Accumulated Amortization	(3,200)
Total Intangible Assets	<u>\$ 0</u>

<b>Total Assets</b>	<b><u>\$ 211,498</u></b>
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LIABILITIES AND NET ASSETSCURRENT LIABILITIES

Accounts Payable	\$ 1,117
Accrued Wages	2,529
Accrued Fringes	4,199
Total Current Liabilities	<u>\$ 7,845</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 203,653</u>
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<b>Total Liabilities &amp; Net Assets</b>	<b><u>\$ 211,498</u></b>
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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2005**

Exhibit BREVENUE - OPERATING

Contributions	\$ 47,050
Miscellaneous Income	3,894
Enterprise Zone Revenue	30,895
Membership Dues	680
Rental Income	15,031
Enterprise Zone Fees	37,481
Total Operating Revenue	\$ <u>135,031</u>

OPERATING EXPENSES

Operating Expenses - Schedule I	\$ <u>199,451</u>
Operating Revenue Less Expenses	\$ (64,420)

OTHER REVENUE (EXPENSE)

Interest Income	\$ 2,143
Lease Income From Sale	21,867
Total Other Revenue (Expense)	\$ <u>24,010</u>

Transfer from Putnam County Commissioners	14,125
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Decrease In Net Assets	\$ (26,285)
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Net Assets At Beginning Of Year	<u>229,938</u>
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Net Assets At End Of Year	<u><u>203,653</u></u>
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**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended December 31, 2005**

Exhibit C**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease In Net Assets	\$ (26,285)
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**ADJUSTMENTS TO RECONCILE CHANGE IN NET  
ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:**

Depreciation	\$ 3,350
Transfer From Putnam County Commissioners	(14,125)
Increase In Accounts Receivable	(28,786)
Increase In Prepaid Insurance	(1,469)
Decrease In Prepaid Rent	12,500
Increase In Accounts Payable	(41,209)
Decrease In Accrued Wages	(1,522)
Decrease In Accrued Fringes	(583)
Total Adjustments	\$ (71,844)
Net Cash Used For Operating Activities	\$ (98,129)

**CASH FLOWS FROM INVESTING ACTIVITIES :**

None	\$ 0
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**CASH FLOWS FROM FINANCING ACTIVITIES :**

None	\$ 0
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (98,129)
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CASH AND CASH EQUIVALENTS AT JANUARY 1,	262,029
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CASH AND CASH EQUIVALENTS AT DECEMBER 31,	\$ 163,900
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**SUPPLEMENTAL DISCLOSURES :**

Interest Paid	\$ 0
Income Taxes Paid	0

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Putnam County Community Improvement Corporation is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements. The major sources of revenue of the Organization are from contributions and enterprise zone revenue and fees.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Property & Equipment** – All property and equipment are recorded at cost and are depreciated using the straight line method over the asset's estimated useful lives. Furniture & fixtures are depreciated using a 5-7 year life and the vehicles 5-year life. Expenditures for repairs and maintenance are charged to expense as incurred. Major improvements are capitalized. Depreciation expense is \$ 3,350 for the year ended December 31, 2005.

**Basis Of Presentation** – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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. Management is of the opinion that there were no temporarily restricted or permanently restricted net assets at December 31, 2005.

**Cash Equivalents** – For the purpose of the statement of cash flows, the Organization considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**NOTE 2 – BUSINESS ACTIVITY**

Putnam County Community Improvement Corporation was formed in 1984 to advance, encourage, and promote the industrial, economic, commercial, and civic development of Putnam County.

**NOTE 3 – EXEMPTION FROM FEDERAL INCOME TAX**

The Organization is considered exempt under code section 501(c)(3) and holds a letter of exemption from income tax dated September 4, 1986. Information returns, Form 990, have been filed for all years through December 31, 2004. The 2005 Form 990 will be filed prior to May 15, 2006. The Organization is not considered a private foundation.

**NOTE 4 – LEASE COMMITMENTS**

The Organization entered into a lease agreement with Cleveland Steel Container Corporation to lease office space at 975 Sugarmill Drive, Ottawa, Ohio. The lease is from September 1, 2004 through August 30, 2006, for a total of \$ 625 per month. Rent expense for 2005 was \$ 7,500. The property at 975 Sugarmill Drive, Ottawa, Ohio was sold December 28, 2005 to American Exchange Company.

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
*December 31, 2005*

**NOTE 4 – LEASE COMMITMENTS (CONTINUED)**

Currently the Organization has a verbal contract with the new owner at \$ 300 per month. Both parties are in the process of negotiating a lease.

The Putnam County CIC entered into a sublease agreement for a portion of the building at 975 Sugarmill Drive on December 15, 2004. Hirzel Canning will pay \$ 1,833 per month, pay the excess usage of utilities, and will also pay the property taxes. As agreed to, Putnam County CIC will receive 60% of the monthly rent income. For 2005, the Organization's share of the monthly rent income was \$ 15,031. This arrangement was terminated December 28, 2005 when the building was sold.

**NOTE 5 – PENSION**

The Organization established a Simplified Employee Pension Plan in April 1991 covering all employees. The Organization has elected to contribute 15% of each employee's gross wages. Pension expense for 2005 was \$ 13,667.

**NOTE 6 – PROGRAM SERVICES AND ADMINISTRATIVE EXPENSES**

Total expenses for 2005 consist of expenses related to program services and administrative expenses and are as follows:

Program Services	\$ 138,030
Administrative	<u>61,421</u>
Total	<u>\$ 199,451</u>

**NOTE 7 – TRANSFER FROM PUTNAM COUNTY COMMISSIONERS**

Due to the termination of the agency relationship with the Putnam County Commissioners in 2004, the Organization had to return a vehicle to the county because the vehicle was titled to the county. The Organization owned the vehicle and was in the process of disputing the return of the vehicle to the county. The loss was \$ 21,640. During 2005 Putnam County agreed to return the vehicle. Its value at that time was \$ 14,125.

**NOTE 8 – ENTERPRISE ZONE REVENUE & ENTERPRISE ZONE FEES**

The Organization has gross enterprise zone revenue of \$ 30,895 and payouts of \$ 3,370, resulting in net revenue of \$ 27,525. This revenue represents Putnam County's share of the enterprise zone compensation payments, which have been paid to the Putnam County Community Improvement Corporation. The organization also has enterprise zone fees of \$37,481. This represents fees collected for the monitoring of active enterprise zone agreements.

**NOTE 10 – LITIGATION**

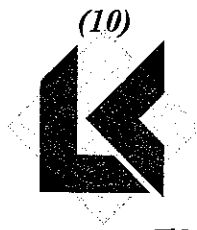
As of December 31, 2004 the Organization and Martin Kuhlman, Executive Director, were involved in litigation with the Putnam County Commissioners. The Parties signed a settlement agreement on July 20, 2005 which among other things awarded the vehicle back to the Organization, agreed that the Organization would receive 100% of the fees on six of the Enterprise Zone Compensation Agreements, and agreed that during Martin Kuhlman's tenure with the Organization, he has not acted as a public employee.

***Supplemental Information***

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**  
**SCHEDULE OF OPERATING EXPENSES**  
*For The Year Ended December 31, 2005*

Schedule IOPERATING EXPENSES

Economic Development	\$ 600
Enterprise Zone Compensation	3,370
Bond & Liability Insurance	4,430
Supplies & Postage	3,128
Professional Services	48,861
Salary & Wages	89,863
Fringes - Payroll Taxes	7,589
Property Taxes	5,831
Telephone	2,752
Auto Expense	1,836
Depreciation	3,350
Repairs	35
Pension	13,667
Marketing	10
Rent	7,825
Dues & Subscriptions	378
Annual Dinner	1,592
Cable & Internet	736
Utilities	2,847
Miscellaneous Expense	751
Total Operating Expenses	\$ <u>199,451</u>



*Luderman & Konst, Inc.*  
Certified Public Accountants

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION**

*February 17, 2006*

**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 Directors  
Putnam County Community Improvement Corporation  
PO Box 145  
Ottawa, Ohio 45875

We have audited the financial statements of Putnam County Community Improvement Corporation (A Nonprofit Corporation) as of and for the year ended December 31, 2005, and have issued our report thereon dated February 17, 2006. 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 Government Auditing Standards, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered Putnam County Community Improvement Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Board of Directors  
Putnam County Community Improvement Corporation  
February 17, 2006  
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**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Putnam County Community Improvement Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the audit committee, management, others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Luderman & Konst, Inc.*

Luderman & Konst, Inc.  
Certified Public Accountants





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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  
MAY 25, 2006**