

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

FINANCIAL STATEMENTS
For The Year Ended December 31, 2008



Mary Taylor, CPA
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 Luderman & Konst, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 26, 2009

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

FINANCIAL STATEMENTS
For The Year Ended December 31, 2008

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Luderman & Konst, Inc.
 Certified Public Accountants

April 30, 2009

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, 2008 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, 2008 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 our report dated April 30, 2009, on our consideration of the Organization'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Putnam County Community Improvement Corporation
April 30, 2009
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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, 2008

*Exhibit A***ASSETS****CURRENT ASSETS**

Cash	\$ 130,162
Prepaid Insurance	644
Total Current Assets	<u>\$ 130,806</u>

PROPERTY & EQUIPMENT

Furniture & Fixtures	\$ 9,466
Vehicles	14,125
Less: Accumulated Depreciation	(17,498)
Total Property & Equipment	<u>\$ 6,093</u>

OTHER ASSETS

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

Total Assets**\$ 136,899****LIABILITIES AND NET ASSETS****CURRENT LIABILITIES**

Accounts Payable	\$ 816
Accrued Wages	967
Accrued Fringes	6,772
Total Current Liabilities	<u>\$ 8,555</u>

NET ASSETS

Unrestricted Net Assets	<u>\$ 128,344</u>
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Total Liabilities & Net Assets**\$ 136,899**

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2008

Exhibit B**REVENUE - OPERATING**

Contributions	\$ 65,260
Miscellaneous Income	2,977
Revenue Pass Through	512,302
Membership Dues	1,035
In-Kind	898
Enterprise Zone Fees	35,055
Total Operating Revenue	<u>\$ 617,527</u>

OPERATING EXPENSES

Operating Expenses - Schedule I	<u>\$ 659,159</u>
Operating Revenue Less Expenses	\$ (41,632)

OTHER REVENUE (EXPENSE)

Interest Income	\$ 3,826
Interest Expense	(182)
Total Other Revenue (Expense)	<u>\$ 3,644</u>

Decrease In Net Assets	\$ (37,988)
Net Assets At Beginning Of Year	<u>166,332</u>
Net Assets At End Of Year	<u><u>\$ 128,344</u></u>

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2008

Exhibit C

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease In Net Assets \$ (37,988)

**ADJUSTMENTS TO RECONCILE CHANGE IN NET
ASSETS TO NET CASH USED BY OPERATING ACTIVITIES:**

Depreciation	\$ 3,403
Increase In Prepaid Insurance	(644)
Decrease In Accounts Payable	(34)
Decrease In Accrued Wages	(2,131)
Increase In Accrued Fringes	1,931
Total Adjustments	\$ 2,525
Net Cash Used In Operating Activities	\$ (35,463)

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase Of Property & Equipment	\$ (1,350)
Net Cash Used For Investing Activities	(1,350)

CASH FLOWS FROM FINANCING ACTIVITIES:

None	\$ 0
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NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (36,813)
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CASH AND CASH EQUIVALENTS AT JANUARY 1,	166,975
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CASH AND CASH EQUIVALENTS AT DECEMBER 31,	\$ 130,162
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SUPPLEMENTAL DISCLOSURES:

Interest Paid	\$ 182
Income Taxes Paid	0

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 a 5-year life. Expenditures for repairs and maintenance are charged to expense as incurred. Major improvements are capitalized. Depreciation expense is \$ 3,403 for the year ended December 31, 2008.

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, 2008.

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, 2007. The 2008 Form 990 will be filed prior to May 15, 2009. The Organization is not considered a private foundation.

NOTE 4 – LEASE COMMITMENTS

Beginning in April 2006, the organization is leasing space from Michael Borer for \$ 250 per month. The lease is a verbal agreement only on a month-to-month basis. During 2007, the offices were flooded. A temporary office was provided for several months at no charge. Total lease expense for the year is \$ 2,050.

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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 2008 was \$ 13,459.

NOTE 6 – PROGRAM SERVICES AND ADMINISTRATIVE EXPENSES

Total expenses for 2008 consist of expenses related to program services and administrative expenses and are as follows:

Program Services	\$ 612,682
Administrative	<u>46,659</u>
Total	<u>\$ 659,341</u>

NOTE 7 – ENTERPRISE ZONE REVENUE & ENTERPRISE ZONE FEES

The Organization received enterprise zone fees of \$ 35,055. An amount of \$ 7,055 represents Putnam County's share of the enterprise zone compensation payments, which have been paid to the Putnam County Community Improvement Corporation. The balance of \$ 28,000 represents prior year enterprise zone fees awarded to the Organization as a result of prior litigation with Putnam County.

Supplemental Information

PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
SCHEDULE OF OPERATING EXPENSES
For The Year Ended December 31, 2008

Schedule IOPERATING EXPENSES

Economic Development	\$ 1,673
Expense Pass Through	512,302
Bond & Liability Insurance	2,700
Supplies & Postage	5,099
Professional Services	10,021
Salary & Wages	88,166
Fringes - Payroll Taxes	10,686
Education & Training	722
Telephone	3,448
Auto Expense	2,347
Depreciation	3,403
Pension	13,459
Rent	2,050
Travel & Entertainment	296
Dues & Subscriptions	100
Annual Dinner	2,207
Internet	480
Total Operating Expenses	<u>\$ 659,159</u>



Luderman & Konst, Inc.
Certified Public Accountants

**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'**
April 30, 2009

Board of Trustees

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

We have audited the financial statements of the Putnam County Community Improvement Corporation (a Nonprofit Organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated April 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits 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 the Organization'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 expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. See significant deficiency 2008-1.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatements of the financial statements will not be prevented or detected by the entity's internal control.

Board of Trustees

Putnam County Community Improvement Corporation

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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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

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

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Organization and is not intended to be used and should not be used by anyone other than these specified parties.

Luderman & Konst, Inc.

Luderman & Konst, Inc.
Certified Public Accountants

**PUTNAM COUNTY COMMUNITY IMPROVEMENT CORPORATION
SCHEDULE OF FINDINGS AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2008**

SIGNIFICANT DEFICIENCY 2008-1

Management lacks the necessary accounting expertise to prevent, detect, and correct a potential misstatement in the financial statements or notes.

AUDITEE RESPONSE

The CIC is a small organization with limited financial resources and we have just recently, because of budget constraints, reduced our secretarial services to part-time status. However, the CIC, with its existing staff, will make every attempt to assure complete and accurate financial procedures are being followed and all records are open to the members of the CIC.



Mary Taylor, CPA
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
JUNE 9, 2009**