



**Mary Taylor, CPA**  
Auditor of State



**FINANCIAL CONDITION  
PUTNAM COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Financial Condition  
Putnam County  
245 East Main Street  
Ottawa, Ohio 45875

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, Ohio (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Auto License and Gas Tax Fund, and the Brookhill Center School Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2009, on our consideration of the County'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

July 28, 2009

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED**

The discussion and analysis of Putnam County's (the County) financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2008, within the limitations of the County's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

Overall:

- Total net assets increased \$133,946 with Governmental Activities increasing by \$672,725 and Business-Type Activities decreasing by \$538,779.
- Total cash receipts were \$30,289,278 in 2008.
- Total program cash disbursements were \$30,155,332 in 2008.

Governmental Activities:

- Total program cash receipts were \$14,365,797 in 2008, while program cash disbursements were \$23,621,221.
- Program cash disbursements were primarily composed of Public Safety, Public Works, and Health related cash disbursements which were \$13,161,737 in 2008.

Business-Type Activities:

- Program cash receipts were \$5,039,732 for Business Activities, while corresponding cash disbursements were \$6,534,111. This is the primary reason for the decrease in Net Assets in the Business-type activities.

**Using this Basic Financial Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

**Report Components**

The statement of net assets and statement of activities provide information about the cash activities of the County as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the County as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the County as a Whole**

The statement of net assets and the statement of activities reflect how the County did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other nonfinancial factors as well such as the County's property tax base, the condition of the County's capital assets and infrastructure, the extent of the County's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and sales taxes.

In the statement of net assets and the statement of activities, we divide the County into two types of activities:

**Governmental activities:** Most of the County's basic services are reported here, including public safety, public works, health, and human services. State and federal grants and sales and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activity:** The County has two major business-type activities, the Putnam Acres Care Center and the Putnam County Emergency Medical Services Fund. Business-type activities are financed by a fee charged to the customers receiving the service.



**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Reporting the County's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the County's major funds – not the County as a whole. The County establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the County are split into three categories: governmental, proprietary and fiduciary.

**Governmental Funds** – Most of the County's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the County's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the County's programs. The County's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The County's major governmental funds are the General Fund, Auto License and Gas Tax Fund, and the Brookhill Center School Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the County charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The County has two major enterprise funds, the Putnam Acres Care Center Fund and the Putnam County Emergency Medical Services Fund.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the County's programs.

**The County as a Whole**

Table 1 provides a summary of the County's Net Assets for 2008 compared to the prior year on a cash basis:

**Table 1  
Net Cash Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>Assets</b>						
Cash and Cash Equivalents	\$9,705,861	\$9,033,136	\$2,615,205	\$3,153,984	\$12,321,066	\$12,187,120
<b>Net Cash Assets</b>						
<b>Restricted for:</b>						
Capital Projects	231,335	200,614			231,335	200,614
Debt Service	559,824	555,882			559,824	555,882
Other Purposes	7,554,360	7,140,540			7,554,360	7,140,540
Unrestricted	1,360,342	1,136,100	2,615,205	3,153,984	3,975,547	4,290,084
Total Net Assets	\$9,705,861	\$9,033,136	\$2,615,205	\$3,153,984	\$12,321,066	\$12,187,120

Total assets increased by \$133,946.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities, business-type activities and total primary government.

**Table 2  
Changes In Net Cash Assets**

	2008			2007		
	Governmental Activities	Business-Type Activities	Totals	Governmental Activities	Business-Type Activities	Totals
<b>Cash Receipts</b>						
<b>Program Cash Receipts</b>						
Charges For Services and Sales	\$2,910,578	\$5,039,732	\$7,950,310	\$3,197,257	\$5,751,105	\$ 8,948,362
Operating Grants and Contributions	11,211,443		11,211,443	10,295,361		10,295,361
Capital Grants and Contributions	243,776		243,776	1,592,750		1,592,750
Total Program Cash Receipts	14,365,797	5,039,732	19,405,529	15,085,368	5,751,105	20,836,473
<b>General Cash Receipts and Transfers</b>						
Property Taxes	3,306,374		3,306,374	3,412,943		3,412,943
Payment in Lieu of Taxes	33,231		33,231	51,060		51,060
Sales Taxes	3,426,976		3,426,976	3,411,608		3,411,608
Grants and Entitlements	1,054,179		1,054,179	947,681		947,681
Interest Receipts	688,657		688,657	757,299		757,299
Proceeds From Insurance Settlement	580,368		580,368			
Miscellaneous	1,538,884	255,080	1,793,964	1,505,133	271,336	1,776,469
Transfers/Advances In (Out)	(700,520)	700,520		(39,770)	39,699	(71)
Total General Cash Receipts and Transfers	9,928,149	955,600	10,883,749	10,045,954	311,035	10,356,989
Total Cash Receipts and Transfers	24,293,946	5,995,332	30,289,278	25,131,322	6,062,140	31,193,462
<b>Cash Disbursements</b>						
<b>Program Cash Disbursements:</b>						
<b>General Government:</b>						
Legislative and Executive	3,141,895		3,141,895	3,069,400		3,069,400
Judicial	1,297,528		1,297,528	1,368,351		1,368,351
Public Safety	4,154,772		4,154,772	4,065,643		4,065,643
Public Works	5,022,334		5,022,334	4,356,271		4,356,271
Health	3,984,631		3,984,631	4,180,051		4,180,051
Human Services	3,676,825		3,676,825	3,813,798		3,813,798
Economic Development	497,125		497,125	770,783		770,783
Miscellaneous	1,107,450		1,107,450	1,064,545		1,064,545
Capital Outlay	459,310		459,310	1,997,942		1,997,942
<b>Debt Service:</b>						
Principal Retirement	158,858		158,858	172,972		172,972
Interest and Fiscal Charges	120,493		120,493	221,626		221,626
Water and Sewer		293,350	293,350		273,477	273,477
Sanitary Landfill		1,008,640	1,008,640		304,054	304,054
Emergency Medical Services		946,734	946,734		1,086,000	1,086,000
Airport Operations		18,242	18,242		61,516	61,516
Putnam Acres		4,267,145	4,267,145		4,562,391	4,562,391
Total Cash Disbursements	23,621,221	6,534,111	30,155,332	25,081,382	6,287,438	31,368,820
Increase (Decrease) In Net Cash Assets	672,725	(538,779)	133,946	49,940	(225,298)	(175,358)
Net Cash Assets at Beginning of Year	9,033,136	3,153,984	12,187,120	8,983,196	3,379,282	12,362,478
Net Cash Assets at End of Year	\$9,705,861	\$2,615,205	\$12,321,066	\$9,033,136	\$3,153,984	\$12,187,120

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to the voters to maintain a constant level of service. Property taxes and sales taxes made up 13.6 percent and 14.1 percent, respectively, of cash receipts for governmental activities for Putnam County in fiscal year 2008. Operating grants and contributions made up 46.1 percent of cash receipts for governmental activities for the County.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the County. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, public works and health, which account for 17.6, 21.3 and 16.9 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the County that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3  
Total Cost of Program Services  
Governmental Activities**

	<b>2008</b>		<b>2007</b>	
	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>	<b>Total Cost of Service</b>	<b>Net Cost of Service</b>
General Government				
Legislative and Executive	\$ 3,141,895	\$1,926,903	\$3,069,400	\$1,907,501
Judicial	1,297,528	656,573	1,368,351	643,330
Public Safety	4,154,772	3,521,593	4,065,643	3,545,218
Public Works	5,022,334	968,126	4,356,271	315,011
Health	3,984,631	1,407,181	4,180,051	1,793,477
Human Services	3,676,825	(233,947)	3,813,798	213,247
Economic Development	497,125	(68,985)	770,783	279,073
Miscellaneous	1,107,450	774,602	1,064,545	839,829
Capital Outlay	459,310	24,027	1,997,942	64,730
Debt Service:				
Principal Retirement	158,858	158,858	172,972	172,972
Interest and Fiscal Charges	120,493	120,493	221,626	221,626
Total Cash Disbursements	<u>\$23,621,221</u>	<u>\$9,255,424</u>	<u>\$25,081,382</u>	<u>\$9,996,014</u>

**Business-Type Activities**

Business-type activities include care and treatment of the elderly and disabled county residents at the Putnam Acres Care Center and operations of the Putnam County Emergency Medical Services. Overall Net Assets decreased \$538,779 from 2007 to 2008 as a result of decreased county home revenues. Program receipts did not support business-type activities. During 2008 program disbursements exceeded program receipts by \$1,494,379.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**The County's Funds**

Total governmental funds had total receipts and other financing sources of \$26,904,492 and disbursements and other financing uses of \$26,231,767. The net change in fund balance for the year increased the most in the Brookhill Center School Fund, where the cash balance went from \$979,564 in 2007 to \$1,233,785 for 2008 as a result of increased intergovernmental revenue to the County. For the General Fund, receipts exceeded disbursements in the amount of \$224,242. These factors along with receipts exceeding disbursements in the other non-major governmental funds in the amount of \$456,683 resulted in governmental fund balances increasing \$672,725.

**General Fund Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts were \$8,782,604, which were the same as original budgeted receipts. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$10,003,400, \$15,675 above cash receipts, and \$13,798 more than the final budget estimates.

**Capital Assets and Debt Administration**

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$459,310 during fiscal year 2008.

**Debt**

At December 31, 2008, the County's outstanding debt included \$2,293,869 in general obligation bonds payable from governmental activities, and \$2,064,132 in general obligation bonds payable from business-type activities. For further information regarding the County's debt, refer to Note 12 to the financial statements.

**Current Financial Related Activities**

As the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, and intergovernmental monies are decreasing, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

**Contacting the County's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's finances and to reflect the County's accountability for the monies it receives. If you have questions about this report or need additional financial information contact Robert Benroth, County Auditor at Putnam County, P.O. Box 345, Ottawa, Ohio 45875-0345 or email at [putcoaud@bright.net](mailto:putcoaud@bright.net).

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,705,861	\$2,615,205	\$12,321,066
<b>Net Assets</b>			
<b>Restricted for:</b>			
Capital Projects	231,335		231,335
Debt Service	559,824		559,824
Other Purposes	7,554,360		7,554,360
Unrestricted	1,360,342	2,615,205	3,975,547
<b>Total Net Assets</b>	<u>\$9,705,861</u>	<u>\$2,615,205</u>	<u>\$12,321,066</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
<b>General Government:</b>				
Legislative and Executive	\$3,141,895	\$1,214,992		
Judicial	1,297,528	576,729	\$64,226	
Public Safety	4,154,772	203,329	429,850	
Public Works	5,022,334	52,405	3,874,622	\$127,181
Health	3,984,631	277,531	2,299,919	
Human Services	3,676,825	207,097	3,703,675	
Economic Development and Assistance	497,125	59,807	506,303	
Miscellaneous	1,107,450		332,848	
Capital Outlay	459,310	318,688		116,595
Debt Service:				
Principal Retirement	158,858			
Interest and Fiscal Charges	120,493			
<b>Total Governmental Activities</b>	<u>23,621,221</u>	<u>2,910,578</u>	<u>11,211,443</u>	<u>243,776</u>
<b>Business Type Activities</b>				
Water and Sewer	293,350	261,694		
Sanitary Landfill	1,008,640	121,080		
Emergency Medical Services	946,734	1,132,291		
Airport Operations	18,242	30,760		
Putnam Acres	4,267,145	3,450,172		
Assisted Living		43,735		
<b>Total Business-Type Activities</b>	<u>6,534,111</u>	<u>5,039,732</u>		
<b>Total Primary Government</b>	<u>\$30,155,332</u>	<u>\$7,950,310</u>	<u>\$11,211,443</u>	<u>\$243,776</u>

**General Receipts**

**Property Taxes Levied for:**

- General Purposes
- Brookhill Center School
- Mental Health
- 911 Systems
- Payment in Lieu of Taxes
- Sales Taxes
- Grants and Entitlements not Restricted to Specific Programs
- Interest
- Proceeds From Insurance Settlement
- Transfers and Advances
- Miscellaneous
- Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

*See accompanying notes to the basic financial statements.*

**Net (Disbursements) Receipts and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$1,926,903)		(\$1,926,903)
(656,573)		(656,573)
(3,521,593)		(3,521,593)
(968,126)		(968,126)
(1,407,181)		(1,407,181)
233,947		233,947
68,985		68,985
(774,602)		(774,602)
(24,027)		(24,027)
(158,858)		(158,858)
(120,493)		(120,493)
<u>(9,255,424)</u>		<u>(9,255,424)</u>
	(\$31,656)	(31,656)
	(887,560)	(887,560)
	185,557	185,557
	12,518	12,518
	(816,973)	(816,973)
	43,735	43,735
	<u>(1,494,379)</u>	<u>(1,494,379)</u>
<u>(9,255,424)</u>	<u>(1,494,379)</u>	<u>(10,749,803)</u>
1,446,960		1,446,960
1,091,906		1,091,906
160,813		160,813
606,695		606,695
33,231		33,231
3,426,976		3,426,976
1,054,179		1,054,179
688,657		688,657
580,368		580,368
(700,520)	700,520	
1,538,884	255,080	1,793,964
<u>9,928,149</u>	<u>955,600</u>	<u>10,883,749</u>
672,725	(538,779)	133,946
<u>9,033,136</u>	<u>3,153,984</u>	<u>12,187,120</u>
<u>\$9,705,861</u>	<u>\$2,615,205</u>	<u>\$12,321,066</u>

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>General</u>	<u>Auto License and Gas Tax</u>	<u>Brookhill Center School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,360,342</u>	<u>\$1,183,089</u>	<u>\$1,233,785</u>	<u>\$5,928,645</u>	<u>\$9,705,861</u>
<b>Fund Balances</b>					
<b>Reserved:</b>					
Reserved for Encumbrances	239,917	33,757	23,046	532,790	829,510
<b>Unreserved:</b>					
<b>Undesignated, Reported in:</b>					
General Fund	1,120,425				1,120,425
Special Revenue Funds		1,149,332	1,210,739	4,621,744	6,981,815
Debt Service Fund				559,824	559,824
Capital Projects Funds				214,287	214,287
Total Fund Balances	<u>\$1,360,342</u>	<u>\$1,183,089</u>	<u>\$1,233,785</u>	<u>\$5,928,645</u>	<u>\$9,705,861</u>

*See accompanying notes to the basic financial statements.*



**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Auto License and Gas Tax</u>	<u>Brookhill Center School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts</b>					
Property Taxes	\$1,446,960		\$1,091,906	\$767,508	\$3,306,374
Sales Taxes	3,289,891			137,085	3,426,976
Permissive License Tax		\$127,181			127,181
Charges for Services	1,321,235		196,699	890,838	2,408,772
Licenses and Permits	1,590			77,018	78,608
Fines and Forfeitures	32,270	32,927		39,313	104,510
Intergovernmental	788,951	3,874,622	1,046,484	6,672,160	12,382,217
Payments in Lieu of Taxes	33,231				33,231
Special Assessments				318,688	318,688
Interest	688,657				688,657
Rentals	41,772				41,772
Other	680,685	15,332	98,490	345,437	1,139,944
Total Receipts	<u>8,325,242</u>	<u>4,050,062</u>	<u>2,433,579</u>	<u>9,248,047</u>	<u>24,056,930</u>
<b>Disbursements</b>					
<b>General Government:</b>					
Legislative and Executive	2,771,524			370,371	3,141,895
Judicial	1,068,569			228,959	1,297,528
Public Safety	3,249,801			904,971	4,154,772
Public Works	424,491	4,525,179		72,664	5,022,334
Health	54,948		2,179,358	1,750,325	3,984,631
Human Services	265,441			3,411,384	3,676,825
Economic Development and Assistance				497,125	497,125
Miscellaneous	596,715			307,022	903,737
Capital Outlay				459,310	459,310
<b>Debt Service:</b>					
Principal Retirement				158,858	158,858
Interest and Fiscal Charges				120,493	120,493
Total Disbursements	<u>8,431,489</u>	<u>4,525,179</u>	<u>2,179,358</u>	<u>8,281,482</u>	<u>23,417,508</u>
Excess of Receipts Over (Under) Disbursements	<u>(106,247)</u>	<u>(475,117)</u>	<u>254,221</u>	<u>966,565</u>	<u>639,422</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	210			478,114	478,324
Transfers Out	(283,410)			(865,434)	(1,148,844)
Advances In	1,048,887			382,815	1,431,702
Advances Out	(872,918)			(588,784)	(1,461,702)
Proceeds From Insurance Settlement	580,368				580,368
Other Financing Sources	33,018	212,696		111,454	357,168
Other Financing Uses	(175,666)			(28,047)	(203,713)
Total Other Financing Sources (Uses)	<u>330,489</u>	<u>212,696</u>	<u></u>	<u>(509,882)</u>	<u>33,303</u>
Net Change in Fund Balances	224,242	(262,421)	254,221	456,683	672,725
Fund Balances Beginning of Year	<u>1,136,100</u>	<u>1,445,510</u>	<u>979,564</u>	<u>5,471,962</u>	<u>9,033,136</u>
Fund Balances End of Year	<u>\$1,360,342</u>	<u>\$1,183,089</u>	<u>\$1,233,785</u>	<u>\$5,928,645</u>	<u>\$9,705,861</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts</b>				
Property Taxes	\$1,466,415	\$1,466,415	\$1,446,960	(\$19,455)
Sales Taxes	3,300,000	3,300,000	3,289,891	(10,109)
Charges for Services	1,595,414	1,595,414	1,321,235	(274,179)
Licenses and Permits	2,040	2,040	1,590	(450)
Fines and Forfeitures	38,325	38,325	32,270	(6,055)
Intergovernmental	826,033	826,033	788,951	(37,082)
Payments in Lieu of Taxes	45,000	45,000	33,231	(11,769)
Interest	575,000	575,000	688,657	113,657
Rentals			41,772	41,772
Other	652,599	652,599	680,685	28,086
Total Receipts	<u>8,500,826</u>	<u>8,500,826</u>	<u>8,325,242</u>	<u>(175,584)</u>
<b>Disbursements</b>				
<b>General Government:</b>				
Legislative and Executive	2,797,979	3,094,640	2,828,251	266,389
Judicial	1,122,888	1,132,151	1,098,286	33,865
Public Safety	3,341,041	3,378,126	3,357,789	20,337
Public Works	84,787	361,034	424,491	(63,457)
Health	62,362	64,482	64,139	343
Human Services	295,233	295,233	286,131	9,102
Miscellaneous	239,935	320,048	612,319	(292,271)
Total Disbursements	<u>7,944,225</u>	<u>8,645,714</u>	<u>8,671,406</u>	<u>(25,692)</u>
Excess of Receipts Over (under) Disbursements	<u>556,601</u>	<u>(144,888)</u>	<u>(346,164)</u>	<u>(201,276)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	6,651	6,651	210	(6,441)
Transfers Out	(225,000)	(295,270)	(283,410)	11,860
Advances In	275,127	275,127	1,048,887	773,760
Advances Out		(872,918)	(872,918)	
Proceeds From Insurance Settlement			580,368	580,368
Other Sources			33,018	33,018
Other Uses	(175,700)	(175,700)	(175,666)	34
Total Other Financing Sources (Uses)	<u>(118,922)</u>	<u>(1,062,110)</u>	<u>330,489</u>	<u>1,392,599</u>
Net Change in Fund Balance	437,679	(1,206,998)	(15,675)	1,191,323
Fund Balance Beginning of Year	860,414	860,414	860,414	
Prior Year Encumbrances Appropriated	<u>275,686</u>	<u>275,686</u>	<u>275,686</u>	
Fund Balance End of Year	<u>\$1,573,779</u>	<u>(\$70,898)</u>	<u>\$1,120,425</u>	<u>\$1,191,323</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
AUTO LICENSE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Permissive License Tax	\$125,341	\$125,341	\$127,181	\$1,840
Fines and Forfeitures	38,539	38,539	32,927	(5,612)
Intergovernmental	3,780,534	3,780,534	3,874,622	94,088
Other	26,924	26,924	15,332	(11,592)
Total Receipts	<u>3,971,338</u>	<u>3,971,338</u>	<u>4,050,062</u>	<u>78,724</u>
<b>Disbursements</b>				
Public Works	4,780,000	4,954,258	4,558,936	395,322
Excess of Disbursements Over Receipts	<u>(808,662)</u>	<u>(982,920)</u>	<u>(508,874)</u>	<u>474,046</u>
<b>Other Financing Sources</b>				
Other Sources	160,125	160,125	212,696	52,571
Net Change in Fund Balance	(648,537)	(822,795)	(296,178)	526,617
Fund Balance Beginning of Year	1,295,214	1,295,214	1,295,214	
Prior Year Encumbrances Appropriated	150,296	150,296	150,296	
Fund Balance End of Year	<u>\$796,973</u>	<u>\$622,715</u>	<u>\$1,149,332</u>	<u>\$526,617</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS  
BROOKHILL CENTER SCHOOL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property Taxes	\$1,363,486	\$1,363,486	\$1,091,906	(\$271,580)
Charges for Services	407,500	407,500	196,699	(210,801)
Intergovernmental	379,539	379,539	1,046,484	666,945
Other	154,339	154,339	98,490	(55,849)
Total Receipts	<u>2,304,864</u>	<u>2,304,864</u>	<u>2,433,579</u>	<u>128,715</u>
<b>Disbursements</b>				
Health	<u>2,290,000</u>	<u>2,445,440</u>	<u>2,202,404</u>	<u>243,036</u>
Net Change in Fund Balance	14,864	(140,576)	231,175	371,751
Fund Balance Beginning of Year	969,827	969,827	969,827	
Prior Year Encumbrances Appropriated	<u>9,737</u>	<u>9,737</u>	<u>9,737</u>	
Fund Balance End of Year	<u><u>\$994,428</u></u>	<u><u>\$838,988</u></u>	<u><u>\$1,210,739</u></u>	<u><u>\$371,751</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

	<b>Business-Type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Putnam Acres</b>	<b>Putnam County Emergency Medical Services</b>	<b>Other Enterprise Funds</b>	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,701,558	\$685,862	\$227,785	\$2,615,205
<b>Net Assets</b>				
Unrestricted	\$1,701,558	\$685,862	\$227,785	\$2,615,205

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Business-Type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Putnam Acres</b>	<b>Putnam County Emergency Medical Services</b>	<b>Other Enterprise Funds</b>	
<b>Operating Receipts</b>				
Charges for Services	\$3,450,172	\$1,132,291	\$457,269	\$5,039,732
Other Operating Receipts	54,130		56,249	110,379
Total Operating Receipts	<u>3,504,302</u>	<u>1,132,291</u>	<u>513,518</u>	<u>5,150,111</u>
<b>Operating Disbursements</b>				
Personal Services	3,117,277	595,841	428,780	4,141,898
Contractual Services	678,377	164,269	235,301	1,077,947
Materials and Supplies	185,642	159,995	277,376	623,013
Capital Outlay	28,728	26,629	148,326	203,683
Total Operating Disbursements	<u>4,010,024</u>	<u>946,734</u>	<u>1,089,783</u>	<u>6,046,541</u>
Operating Income (Loss)	<u>(505,722)</u>	<u>185,557</u>	<u>(576,265)</u>	<u>(896,430)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Bond Retirement	(70,000)		(56,307)	(126,307)
Interest and Fiscal Charges	(12,600)		(97,297)	(109,897)
Other Non-Operating Revenue	18,560		126,141	144,701
Other Non-Operating Expense	(174,521)		(76,845)	(251,366)
Total Non-Operating Receipts (Disbursements)	<u>(238,561)</u>		<u>(104,308)</u>	<u>(342,869)</u>
Income (Loss) before Transfers and Advances	(744,283)	185,557	(680,573)	(1,239,299)
Advances In			202,000	202,000
Advances Out			(172,000)	(172,000)
Transfers In	650,019		689,204	1,339,223
Transfers Out		(19)	(668,684)	(668,703)
Total Transfers and Advances	<u>650,019</u>	<u>(19)</u>	<u>50,520</u>	<u>700,520</u>
Change in Net Assets	(94,264)	185,538	(630,053)	(538,779)
Net Assets Beginning of Year	<u>1,795,822</u>	<u>500,324</u>	<u>857,838</u>	<u>3,153,984</u>
Net Assets End of Year	<u><u>\$1,701,558</u></u>	<u><u>\$685,862</u></u>	<u><u>\$227,785</u></u>	<u><u>\$2,615,205</u></u>

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION  
PUTNAM COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$10,362</u>	<u>\$3,588,615</u>
<b>Net Assets</b>		
Unrestricted	<u>\$10,362</u>	<u>\$3,588,615</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Miscellaneous	\$2,502
<b>Deductions</b>	
Other	<u>2,765</u>
Change in Net Assets	(263)
Net Assets - Beginning of Year	<u>10,625</u>
Net Assets - End of Year	<u><u>\$10,362</u></u>

*See accompanying notes to the basic financial statements.*



**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**1. REPORTING ENTITY**

Putnam County (the County) is a body politic and corporate established in 1820 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

**A Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Putnam County, this includes the Putnam County Board of Mental Retardation and Developmental Disabilities (MRDD), Putnam County Alcohol, Drug Addiction and Mental Health Services (ADAMHS), Putnam County Home, Children Services Board, and departments and activities that are directly operated by the elected County officials.

**B. Component Units**

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. The County is also financially accountable for any organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

**Component Unit**

Based on the foregoing criteria, the Brookhill Center Industries, Inc. (the Workshop) is a component unit of the County. See note 20 for a presentation of condensed financial statement information of the Workshop for the year ended December 31, 2008.

**Potential Component Units Reported as Agency Funds**

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Putnam County. Accordingly, the activity of the following organizations is reported as agency funds within the financial statements:

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. REPORTING ENTITY (Continued)**

Putnam County Soil and Water Conservation District  
Putnam County Health Department  
Local Emergency Planning Commission  
Putnam County Law Library

**C. Jointly Governed Organizations and Public Entity Risk Pools**

The County participates in several jointly governed organizations and public entity risk pools. These organizations are presented in Notes 18 and 19 to the basic financial statements. These organizations are:

Multi-Area Narcotics (MAN)  
Blanchard River Stream Enhancement Project  
Ottawa River Stream Enhancement Project  
West Central Development Corp.  
Northern Ohio Juvenile Community Corrections Facility  
County Risk Sharing Authority, Inc. (CORSA)  
County Commissioners Association of Ohio Service Corporation (CCAOSC)  
County Employee Benefit Consortium of Ohio, Inc (CEBCO)

The County's management believes these financial statements present all activities for which the County is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The County does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the County's accounting policies.

**A. Basis of Presentation**

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The statement of net assets presents the cash balance, of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

**2. Fund Financial Statements**

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's major governmental funds:

**General** - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Auto License and Gas Tax** - This fund accounts for State levied, shared monies derived from gasoline taxes and the sale of motor vehicle licenses. Disbursements are restricted by State law to county road and bridge repair/improvement programs.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Brookhill Center School** - This fund accounts for the operation of a school for the mentally retarded and developmentally disabled, financed by a county-wide property tax levy and federal and state grants.

The other governmental funds of the County account for grants and other resources whose use is restricted for a particular purpose.

**2. Proprietary Funds**

The County classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise funds.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

**Putnam Acres Care Center** - This fund accounts for the daily operations of Putnam Acres nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

**Putnam County Emergency Medical Services** - This fund accounts for the daily operations of Putnam County Emergency Medical Services. Receipts are generated from ambulance fees and charges for medical services.

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County had an unclaimed monies fund in 2008. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

**C. Basis of Accounting**

The County's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

**E. Cash and Investments**

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the County invested in nonnegotiable certificates of deposit. Investments are reported at cost.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 were \$688,657 which includes \$596,913 assigned from other County funds.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventory and Prepaid Items**

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities involving the upkeep of the County's roads and bridges, various mental health services, child support and welfare services, services for the handicapped and mentally retarded, and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**N. Fund Balance Reserves**

The County reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$239,917
<b>Major Special Revenue Funds:</b>	
Auto License and Gasoline Tax	33,757
Brookhill Center School	23,046

**5. DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

Monies held by the County which are not considered active are classified as inactive. Beginning June 15, 2004, inactive monies could be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
  3. Written repurchase agreements in the securities listed above;
  4. Bonds and other obligations of the State of Ohio or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
  6. No-load money market mutual funds;
  7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
  9. Commercial paper notes, corporate notes and bankers' acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days. Commercial paper and corporate notes must mature within 270 days. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the County had \$70,316 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$14,516,451 of the County's bank balance of \$15,987,918 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.



**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. All state statutory requirements for the collateralization of deposits had been followed.

**B. Investments**

As of December 31, 2008, the County had investments with STAR Ohio with a carrying balance of \$25,000.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**6. PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1.25 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of the sales tax is 95 percent to the County's General Fund and 5 percent to the Capital improvement Capital Projects Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

**7. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2006, were levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**7. PROPERTY TAXES (Continued)**

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This amount will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all County operations for the year ended December 31, 2008, was \$7.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$388,643,990
Agriculture	102,316,120
Commercial/Industrial/Mineral	52,452,270
Public Utility Property	
Real	517,880
Personal	23,799,120
Tangible Personal Property	<u>16,157,450</u>
Total Assessed Value	<u><u>\$583,886,830</u></u>

**8. INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at December 31, 2008, consisted of receivables due the General Fund in the amount of \$170,615 payable from Other Governmental Funds.

The balance due to the General Fund includes loans made to provide working capital for operations or projects.

**9. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

General Liability	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Other Property Insurance	
Buildings – Contents	Replacement Cost
Valuable Papers	1,000,000
Extra Expense	1,000,000
Electronic Data Processing	Replacement Cost
Contractors Equipment	Replacement Cost
Misc. Inland Marine	Replacement Cost
Motortruck Cargo	100,000
Flood & Earthquake	Replacement Cost Value
Auto Physical Damage	Actual Cash Value
Automatic Acquisition	5,000,000
Crime Insurance	1,000,000
Faithful Performance	
Money and Securities	
Depositor's Forgery	
Money Order and Counterfeit Paper	
Excess Liability	1,000,000 – 10,000,000

With the exceptions of medical coverage, dental coverage for MRDD employees, and worker's compensation, all insurance is held with CORSA. There has been no significant reduction in insurance coverage from 2005, and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

For 2008, the County Commissioners Association of Ohio Workers' Compensation Group Rating Program, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

The County provides employee medical and dental coverage through County Employee Benefit Consortium of Ohio, Inc (CEBCO). Settled claims have not exceeded this coverage in the past three years.

The Board of Mental Retardation and Developmental Disabilities (MRDD) participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Sky Trust. MRDD converted its fully-insured medical insurance program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. MRDD maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

**10. DEFINED BENEFIT PENSION PLAN**

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2008 the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement and public safety contributed 10.1 percent of their annual covered salary. The County's contribution rate for pension benefits for 2008 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 17.40 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Counties required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$921,776, \$1,091,063, and \$1,154,907 respectively; 100 percent has been contributed for 2008, 2007, and 2006.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**11. POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll (17.40 percent for public safety and law enforcement); the portion of employer contributions allocated to health care was 7 percent in 2008 for all employers.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.5 to 4 percent annually for the next seven years and 4 percent annually after seven years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$720,526. The actual contributions and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which will allow additional funds to be allocated to the health care plan.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. DEBT**

The County's long-term debt activity for the year ended December 31, 2008, was as follows:

	<b>Interest Rate</b>	<b>Balance December 31, 2007</b>	<b>Reductions</b>	<b>Balance December 31, 2008</b>	<b>Due Within One Year</b>
<u>Governmental Activities</u>					
General Obligation Bonds:					
Airport Improvement Bonds (Original Amount \$143,000)	7.625%	\$ 21,495	\$ 7,150	\$ 14,345	\$ 7,150
Human Services Building Acquisition (Original Amount \$237,000)	7.625%	35,550	11,850	23,700	11,850
Human Services Building Addition (Original Amount \$250,000)	6.625%	44,117	14,706	29,411	14,706
Schnipke Engraving Sewer Line (Original Amount \$169,003.48)	5.25%	121,565	10,152	111,413	10,709
Jail Bonds (Original Amount \$2,850,000)	Variable	2,230,000	115,000	2,115,000	120,000
<b>Total Governmental Activities</b>		<u>2,452,727</u>	<u>158,858</u>	<u>2,293,869</u>	<u>164,415</u>
<u>Business-Type Activities</u>					
County Home Improvement Bonds (Original Amount \$1,050,000)	6.00%	210,000	70,000	140,000	70,000
Sewer Dist. Imprv. Bds. Series 1999 (Original Amount \$270,000)	4.95%	155,439	16,307	139,132	17,114
Landfill Bonds (Original Amount \$2,050,000)	Variable	1,825,000	40,000	1,785,000	45,000
<b>Total Business-Type Activities</b>		<u>2,190,4389</u>	<u>126,307</u>	<u>2,064,132</u>	<u>132,114</u>
<b>Total General Obligation Bonds</b>		<u>\$4,643,166</u>	<u>\$285,165</u>	<u>\$4,358,001</u>	<u>\$296,529</u>

All general obligation bonds are supported by the full faith and credit of Putnam County and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the County's future annual debt service requirements for governmental activities:

<b>Year</b>	<b>General Obligation Bonds</b>	
	<b>Principal</b>	<b>Interest</b>
2009	\$ 164,415	\$113,029
2010	175,029	105,191
2011	141,878	96,818
2012	152,500	90,671
2013	158,175	82,996
2014-2018	886,872	288,847
2019-2021	615,000	62,500
	<u>\$2,293,869</u>	<u>\$840,052</u>

The following is a summary of the County's future annual debt service requirements for business-type activities:

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. DEBT (Continued)**

Year	General Obligation Bonds	
	Principal	Interest
2009	\$ 132,114	\$ 103,330
2010	132,961	96,483
2011	68,850	89,526
2012	69,784	86,468
2013	70,763	82,988
2014-2018	344,660	361,093
2019-2023	385,000	274,500
2024-2028	500,000	167,500
2029-2031	360,000	36,500
	\$2,064,132	\$1,298,388

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2008, were an overall debt margin of \$8,989,714 and an unvoted debt margin of \$1,731,412.

On September 1, 2008 the County entered into an irrevocable letter of credit for \$2,227,940 that matures on September 1, 2009. As of December 31, 2008 there was no outstanding balance. The letter of credit was issued to guaranty payment of the costs associated with the closure and post-closure care of the County landfill. The landfill was closed during 2001.

**13. LEASES**

The County leases buildings, vehicles and other equipment under noncancelable leases. The County disbursed \$20,852 to pay lease costs for the year ended December 31, 2008. Future lease payments are as follows:

Year	Amount
2009	\$20,852
2010	20,852
2011	20,852
Total	\$62,556

**14 POST-CLOSURE COSTS**

State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The County's landfill was closed in 2001.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for post-closure care and remediation or containment of environmental hazards at the landfill. The County obtains an annual letter of credit to make funding available for post-closure costs. There were no such costs in 2008.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**15. INTERFUND TRANSFERS**

During 2008 the following transfers were made:

		<b>Transfers Out</b>				
		<b>General</b>	<b>Other Governmental</b>	<b>Putnam County EMS</b>	<b>Other Enterprise</b>	<b>Total</b>
Transfers In	Governmental Activities:					
	General		\$ 210			\$ 210
	Other Governmental	\$245,105	223,904		\$ 9,105	478,114
	Total Governmental Activities	245,105	224,114			478,324
	Business-Type Activities:					
	Putnam Acres			\$19	650,000	650,019
	Other Enterprise	38,305	641,320		9,579	689,204
	Total Business-Type Activities	38,305	641,320	19	659,579	1,339,223
	Total	<u>\$283,410</u>	<u>\$865,434</u>	<u>\$19</u>	<u>\$668,684</u>	<u>\$1,817,547</u>

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**16. CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

<b>Contractor</b>	<b>Project</b>	<b>Original Contract Amount</b>	<b>Contract Balance 12/31/08</b>
Jim's Excavating	Sylvester Liebrecht Ditch #926	\$27,760	\$27,760
All Purpose Contracting	Carl Schierloh Ditch #923	29,768	1,250

**17. CONTINGENT LIABILITIES**

The County is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the County's financial condition.

Amounts grantor agencies pay to the County are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS**

**A. Multi-Area Narcotics (MAN)**

Putnam County is a member of the Multi-Area Narcotics task force which is a jointly governed organization between Defiance, Williams and Putnam Counties and the Cities of Defiance and Bryan. The purpose of MAN is to act as a joint regional task force in the fight against narcotics. MAN is governed by a board consisting of the sheriffs and police chiefs of the respective counties and cities. The main source of revenue is grants received from the State. The financial records are maintained by MAN. The fiscal agent is the Defiance County Sherriff.

**B. Blanchard River Stream Enhancement Project**

The Joint Board of County Commissioners for the Blanchard River Stream Enhancement Project is a jointly governed organization among six counties. The Joint Board consists of eighteen members, the three county commissioners of each of the six counties. The Joint Board was formed to approve construction on the Blanchard River. Revenues are generated by assessments and a state grant. The County did not contribute to the project during 2008. The Hancock County Auditor serves as fiscal agent for this project.

**C. Ottawa River Stream Enhancement Project**

The Joint Board of County Commissioners for the Ottawa River Stream Enhancement Project is a jointly governed organization among five counties. The Joint Board consists of fifteen members, the three county commissioners of each of the five counties. The Joint Board was formed to approve construction on the Ottawa River, Hog Creek, and Little Hog Creek. Revenues are generated by assessments and a state grant. The County did contribute to the project during 2008. The Allen County Auditor serves as fiscal agent for this project.

**D. West Central Development Corp.**

The West Central Development Corp (the Partnership) is a jointly governed organization among Allen, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and raising money for such purpose and to expend, contribute, disburse, or otherwise handle and dispose of the same for such purpose. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The County was not required to make any contributions to the Partnership in 2008.

**E. Northern Ohio Juvenile Community Corrections Facility**

The Northern Ohio Juvenile Community Corrections Facility is a jointly governed organization between Ohio, (*Defiance, Fulton, Hancock, Henry, Paulding, Putnam, Ottawa, Van Wert, Williams and Wood Counties*). The Corrections Facility provides for juvenile rehabilitation and correction for juvenile offenders who would otherwise be eligible for commitment to the Ohio Department of Youth Services. The Corrections Facility is controlled by a governing board consisting of the juvenile court judge from each of the participating counties. Each County's ability to influence the operations of the Corrections Facility is limited to their representation on the governing board. Wood County serves as the fiscal agent.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**19. PUBLIC ENTITY RISK POOLS**

**A. County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among sixty-two counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

**B. County Commissioners Association of Ohio Service Corporation (CCAOSC)**

The County participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

**C. County Employee Benefit Consortium of Ohio, Inc. (CEBCO)**

The County is participating in an insurance group purchasing pool for employee benefit plan costs which was established under the authority granted by Section 9.833 of the Ohio Revised Code. The County Employee Benefit Consortium of Ohio, Inc. (CEBCO) was established to assist political subdivisions of the State of Ohio in controlling employee benefit plan costs.

CEBCO is responsible for obtaining and providing to members within 90 days after the last day of the fiscal year, a written report by a member of the American Academy of Actuaries concerning the benefit program.

This report shall certify whether the amounts reserved by CEBCO to cover potential cost of health care benefits for eligible officials, employees, and dependents are sufficient and are computed in accordance with accepted loss reserving standards. Each member political subdivision has a voting representative on the CEBCO Board.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**20. BROOKHILL WORKSHOP, INC.**

Brookhill Workshop, Inc. (the Workshop) is a component unit of the County. The Workshop is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Putnam County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in the County. The Putnam County Board of MRDD provides the Workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. The Workshop is considered a component unit because of the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the retarded and handicapped adults of the County. The Workshop prepares its Financial Statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 117, "Financial Statements of Not-for-Profit Organizations." Separately issued financial statements can be obtained from the Brookhill Center Industries, Inc. of Putnam County.

**Condensed Balance Sheet -  
Brookhill Workshop**

<b>Assets:</b>	
Current Assets	\$901,597
Property, Plant, and Equipment	36,148
Total Assets	<u>\$937,745</u>
<b>Liabilities:</b>	
Current Liabilities	\$ 20,720
<b>Equity:</b>	
Unrestricted Net Assets	917,025
Total Liabilities and Net Assets	<u>\$937,745</u>

**Condensed Statement of Activities -  
Brookhill Workshop**

Operating Revenues	\$190,039
Operating Expenses	189,306
Net Increase in Net Assets	733
Net Assets, January 1	916,292
Net Assets, December 31	<u>\$917,025</u>

**21. RELATED PARTY TRANSACTIONS**

During 2008, the County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to the Workshop. The Workshop, a component unit of the County, did not attempt to value these items for 2008. The Workshop should have recorded operating revenues and expenses at cost or fair market value, as applicable, to the extent the contribution was related to the vocational purpose of the Workshop. Additional habilitative services provided directly to Workshop clients by the County was also not calculated.

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**FINANCIAL CONDITION  
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>FEDERAL GRANTOR Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through the Ohio Department of Development</i>			
County Commissioners HOME Investment Partnership Program	14.239	B-C-06-064-2	\$264,611
Community Development Block Grant	14.228	B-C-06-064-1	421
Community Development Block Grant	14.228	B-E-06-064-1	144,475
Community Development Block Grant	14.228	B-F-08-064-1	2,000
Community Development Block Grant	14.228	B-F-07-064-1	97,288
Community Development Block Grant	14.228	B-F-06-064-1	81,525
Community Development Block Grant	14.228	C-06-064-1	3,277
Community Development Block Grant	14.228	ECDD-06-459	<u>33,865</u>
Total Community Development Block Grant			<u>362,851</u>
Total Department of Housing and Urban Development			<u>627,462</u>
<b>UNITED STATES DEPARTMENT OF LABOR</b>			
<i>Passed through the Montgomery County WIA Area 7</i>			
Jobs and Family Services Workforce Investment Act Cluster:			
Workforce Investment Act - Adult Program	17.258		124,022
Workforce Investment Act - Adult Program Administrative	17.258		<u>5,892</u>
Workforce Investment - Adult Total			129,914
Workforce Investment Act - Youth Activities	17.259		64,347
Workforce Investment Act - Youth Activities Administrative	17.259		<u>3,057</u>
Workforce Investment - Youth Total			67,404
Workforce Investment Act - Dislocated Worker	17.260		18,747
Workforce Investment Act - Dislocated Worker Administrative	17.260		<u>891</u>
Workforce Investment - Dislocated Worker Total			19,638
Workforce Investment Act - National Emergency Grant	17.260		486,800
Workforce Investment Act - Rapid Response	17.260		<u>165,500</u>
Total Workforce Investment Act - Dislocated Worker			<u>671,938</u>
Total Workforce Investment Act Cluster			<u>869,256</u>
Total Department of Labor			<u>869,256</u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct Program</i>			
Airport Improvement Program	20.106	3-39-0110-0304	5,034
Airport Improvement Program	20.106	3-39-0110-0507	25,569
Airport Improvement Program	20.106	3-39-0110-0608	<u>53,140</u>
Total Airport Improvement Program			83,743
<i>Passed through the Ohio Department of Transportation</i>			
County Engineer Highway Planning and Construction	20.205	07N104	<u>315,255</u>
Total Department of Transportation			<u>398,998</u>

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

<b>FEDERAL GRANTOR Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Mental Retardation and Developmental Disabilities Board			
Medical Assistance Program	93.778		345,832
Social Services Block Grant	93.667		21,458
<i>Passed through the Ohio Department of Jobs and Family Services</i>			
<u>Jobs and Family Services Department</u>			
Child Welfare Services	93.645		
Medical Assistance Program	93.778		26,090
<i>Passed through the Ohio Department of Mental Health</i>			
Alcohol, Drug Addiction, and Mental Health Services Board			
Block Grants for Community Mental Health Services	93.958		42,428
Social Services Block Grant	93.667		20,741
Medical Assistance Program	93.778		307,394
Total Medical Assistance Program			<u>679,316</u>
Total Social Service Block Grants			<u>42,199</u>
Total Department of Health and Human Services			<u>869,544</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
Emergency Management Agency			
Emergency Management Performance Grants	97.042		32,502
Citizen Corps	97.053		7,109
State Homeland Security Program	97.073		39,729
Office of Public Safety			
Disaster Grants - Public Assistance	97.036		22,956
Total Department of Homeland Security			<u>102,296</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><u>\$2,867,556</u></u>

*The accompanying notes are an integral part of this schedule.*

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the Ohio Department of Alcohol and Drug Addiction Services, and the Ohio Department of Mental Health, to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash. Medicaid disbursements of \$120,205 by the Alcohol, Drug Addiction, and Mental Health Services Board were paid to subrecipients who provide services to the Board.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Federal Awards Expenditures Schedule (the Schedule). There were no such initial loans made during 2008. Loans repaid, including interest, are used to make additional loans. No additional loans were made during 2008.

These loans are collateralized by machinery and equipment and by land and buildings. At December 31, 2008, the gross amount of loans outstanding under this program was \$293,302.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Financial Condition  
Putnam County  
245 East Main Street  
Ottawa, Ohio 45875

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 28, 2009, wherein, we noted the County uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

**Internal Control Over Financial Reporting  
(Continued)**

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain matters that we reported to the County's management in a separate letter dated July 28, 2009.

**Compliance and Other Matters**

As part of reasonably assuring whether the County'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, providing an opinion 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain noncompliance matter not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 28, 2009.

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

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 28, 2009



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Financial Condition  
Putnam County  
245 East Main Street  
Ottawa, Ohio 45875

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Putnam County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Putnam County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. In a separate letter to the County's management dated July 28, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of County Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 28, 2009

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2008**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Workforce Investment Act Cluster CFDA #17.258, 17.259, 17.260 Medical Assistance Program CFDA # 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

**Ohio Revised Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

**Ohio Administrative Code §117-2-03(B)** requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepares its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

We recommend the County prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response**

In 2002, the Putnam County Auditor advised the Putnam County Board of Commissioners the Auditor's Office would be following the cash basis of accounting when preparing its financial reports. The Putnam County Auditor determined the costs of preparing the county financial reports in accordance with generally accepted accounting principles outweighed the benefits derived from these reports. Specifically, in order to comply with generally accepted accounting principles, the Putnam County Auditor would be required to hire a consulting firm to assist with the conversion and would also be required to hire an appraisal firm to assist in determining the value of all assets including infrastructure.

The Putnam County Auditor annually reviews the decision to prepare financial reports following the cash basis of accounting.

**FINDING NUMBER 2008-002**

**Material Weakness**

**Monitoring Financial Statements**

Accurate financial reporting is the responsibility of the County Auditor and is essential to ensure the information provided to the readers of the financial statements accurately reflects the County's activity.

The 2008 financial statements contained material errors, such as the following:

- Special Assessment revenues in the amount of \$318,688 were recorded as Miscellaneous Revenue on the Statement of Activities.
- Legislative and Executive and Public Works expenses in the amount of \$653,485 were recorded as Miscellaneous Expenses on the Statement of Activities and in the General Fund.
- Homestead and Rollback revenues in the amount of \$295,276 were recorded as Property Tax Revenue in the Brookhill Center School Fund rather than as Intergovernmental Revenue.

**FINDING NUMBER 2008-002  
(Continued)**

Nineteen adjusting entries were posted to the financial statements to correct these and other errors. The financial statements presented have been adjusted to reflect these corrections.

To ensure the County's financial statements and notes to the statements are complete and accurate, the County Auditor should adopt policies and procedures, including a final review of the financial statements, management discussion and analysis, and notes to the financial statements to identify and correct errors and omissions.

**Official's Response**

We did not receive a response from Officials to this finding.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**FINANCIAL CONDITION  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2007-001	<b>OAC §117-2-3(B)</b> reporting on basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as item 2008-001.
2007-002	Financial Reporting recommendation for financial statement errors.	No	Finding has not been corrected and is repeated in this report as item 2008-002.





Mary Taylor, CPA  
Auditor of State

**FINANCIAL CONDITION**

**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  
SEPTEMBER 3, 2009**