



Dave Yost • Auditor of State



**PUTNAM COUNTY  
DECEMBER 31, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Auto License and Gas Tax, and Brookhill Center School funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Other Information*

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 20, 2018

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**PUTNAM COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**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 year ended December 31, 2017, 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 2017 are as follows:

*Overall:*

- Total net position increased \$3,621,203 with Governmental Activities increasing by \$4,124,398 and Business-Type Activities decreasing by \$503,195.
- Total cash receipts were \$31,223,317 in 2017.
- Total program cash disbursements were \$27,602,114 in 2017.

*Governmental Activities:*

- Total program cash receipts were \$14,024,646 in 2017, while program cash disbursements were \$24,427,558.
- Program cash disbursements were primarily composed of General Government, Public Safety, Public Works and Health related cash disbursements which were \$18,376,340 in 2017.

*Business-Type Activities:*

- Total program cash receipts were \$2,081,551 for Business Activities, while corresponding cash disbursements were \$3,174,556. Emergency Medical Services disbursements are the primary reason for the decrease in Net Position 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 position 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.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
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 position and the statement of activities reflect how the County did financially during 2017, within the limitations of cash basis accounting. The statement of net position 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 position 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 one major business-type activity, the Putnam County Emergency Medical Services Fund. Business-type activities are financed by a fee charged to the customers receiving the service.

**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

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(CONTINUED)**

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, Brookhill Center School Fund, and the Landfill Trust. 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 one major enterprise fund, 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 Position for 2017 compared to the prior year on a cash basis.

Table 1  
Net Cash Position

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<i>Assets</i>				
Cash and Cash Equivalents	<u>\$19,884,073</u>	<u>\$15,759,675</u>	<u>\$2,191,528</u>	<u>\$2,694,723</u>
<i>Net Cash Position</i>				
Restricted for:				
Debt Service	\$1,289	\$1,289		
Capital Projects	2,013,757	735,656		
Other Purposes	14,769,340	12,255,824		
Unrestricted	<u>3,099,687</u>	<u>2,766,906</u>	<u>\$2,191,528</u>	<u>\$2,694,723</u>
<i>Total Net Position</i>	<u>\$19,884,073</u>	<u>\$15,759,675</u>	<u>\$2,191,528</u>	<u>\$2,694,723</u>

Total assets increased by \$3,621,203.

Table 2 reflects the changes in net position on a cash basis in 2017 and 2016 for governmental activities, and business-type activities.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(CONTINUED)**

Table 2  
Changes In Net Cash Position

	2017		2016	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<i>Cash Receipts</i>				
<i>Program Cash Receipts</i>				
Charges For Services and Sales	\$3,909,152	\$2,081,551	\$3,844,755	\$1,729,610
Operating Grants and Contributions	9,271,722		8,993,873	
Capital Grants and Contributions	843,772		225,199	
<b>Total Program Cash Receipts</b>	<b>14,024,646</b>	<b>2,081,551</b>	<b>13,063,827</b>	<b>1,729,610</b>
<i>General Cash Receipts and Transfers</i>				
Property Taxes	6,332,468	499,978	6,247,805	492,735
Payment in Lieu of Taxes	14,329		16,366	
Sales Taxes	4,587,431		4,296,333	
Grants and Entitlements	1,013,954	9,885	955,687	10,074
Interest Receipts	227,259		139,729	
Rent	258,463		483,564	
Miscellaneous	1,649,088	110,669	1,523,363	177,037
Sale of Capital Assets	489,945			
Transfers/Advances In (Out)	(45,627)	(30,722)	51,378	(51,378)
<b>Total General Cash Receipts, Transfers and Advances</b>	<b>14,527,310</b>	<b>589,810</b>	<b>13,714,225</b>	<b>628,468</b>
<b>Total Cash Receipts, Transfers and Advances</b>	<b>28,551,956</b>	<b>2,671,361</b>	<b>26,778,052</b>	<b>2,358,078</b>
<i>Cash Disbursements</i>				
<i>Program Cash Disbursements</i>				
<i>General Government</i>				
Legislative and Executive	3,843,655		3,559,873	
Judicial	1,617,483		1,655,259	
Public Safety	4,909,889		4,908,424	
Public Works	3,627,364		4,082,763	
Health	4,377,949		4,427,633	
Human Services	2,864,058		3,221,233	
Economic Development	425,783		195,608	
Miscellaneous	1,278,631		1,921,114	
Capital Outlay	1,456,368		1,113,076	
<i>Debt Service:</i>				
Principal Retirement	21,315		21,147	
Interest and Fiscal Charges	5,063		5,231	
Water and Sewer		203,167		243,187
Sanitary Landfill		195,971		130,529
Emergency Medical Services		2,584,454		1,618,315
Airport Operations		29,481		15,116
Putnam Acres		161,483		138,103
<b>Total Cash Disbursements</b>	<b>24,427,558</b>	<b>3,174,556</b>	<b>25,111,361</b>	<b>2,145,250</b>
<b>Increase (Decrease) In Net Cash Position</b>	<b>4,124,398</b>	<b>(503,195)</b>	<b>1,666,691</b>	<b>212,828</b>
<b>Net Cash Position at Beginning of Year</b>	<b>15,759,675</b>	<b>2,694,723</b>	<b>14,092,984</b>	<b>2,481,895</b>
<b>Net Cash Position at End of Year</b>	<b>\$19,884,073</b>	<b>\$2,191,528</b>	<b>\$15,759,675</b>	<b>\$2,694,723</b>

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, 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 22 percent and 16 percent, respectively, of cash receipts for governmental activities for Putnam County in 2017. Operating grants and contributions made up 32 percent of cash receipts for governmental activities for the County.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(CONTINUED)**

**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 20, 15, and 18 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

	2017		2016	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
General Government				
Legislative and Executive	\$3,843,655	\$2,357,612	\$3,559,873	\$2,107,738
Judicial	1,617,483	675,344	1,655,259	799,806
Public Safety	4,909,889	3,867,690	4,908,424	3,736,433
Public Works	3,627,364	(505,018)	4,082,763	9,486
Health	4,377,949	2,234,602	4,427,633	2,196,769
Human Services	2,864,058	510,252	3,221,233	819,985
Economic Development	425,783	66,269	195,608	18,861
Miscellaneous	1,278,631	1,078,774	1,921,114	1,663,346
Capital Outlay	1,456,368	91,009	1,113,076	668,732
Debt Service:				
Principal Retirement	21,315	21,315	21,147	21,147
Interest and Fiscal Charges	5,063	5,063	5,231	5,231
Total Cash Disbursements	<u>\$24,427,558</u>	<u>\$10,402,912</u>	<u>\$25,111,361</u>	<u>\$12,047,534</u>

**Business-Type Activities**

Business-type activities include providing emergency medical services to the residents of Putnam County, and activity for the closed landfill. Overall Net Position decreased \$503,195 from 2016 to 2017. Program receipts did not support business-type activities. During 2017 program disbursements exceeded program receipts by \$1,093,005.

**The County's Funds**

Total governmental funds had receipts and other financing sources of \$30,759,389 and disbursements and other financing uses of \$26,634,991. The net change in fund balance for the year increased the most in the Other Governmental Funds where the cash balance went from \$7,218,716 in 2016 to \$9,519,436 for 2017, as a result of more revenues than expenditures.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
UNAUDITED  
(CONTINUED)**

**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 and other financing sources were \$10,185,373. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$11,184,780, \$62,212 less than actual cash receipts and other financing sources, and \$1,168,361 less 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 \$1,456,368 during 2017.

**Debt**

At December 31, 2017, the County's outstanding debt included \$464,079 in loans payable from governmental activities. For further information regarding the County's debt, refer to Note 13 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 [bob.benroth@putnamcountyohio.gov](mailto:bob.benroth@putnamcountyohio.gov)

PUTNAM COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2017

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$19,884,073</u>	<u>\$2,191,528</u>	<u>\$22,075,601</u>
<b>Net Position</b>			
Restricted for:			
Debt Service	\$1,289		\$1,289
Capital Projects	2,013,757		2,013,757
Other Purposes	14,769,340		14,769,340
Unrestricted	<u>3,099,687</u>	<u>\$2,191,528</u>	<u>5,291,215</u>
<i>Total Net Position</i>	<u>\$19,884,073</u>	<u>\$2,191,528</u>	<u>\$22,075,601</u>

See accompanying notes to the basic financial statements.

**PUTNAM COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<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>				
General Government:				
Legislative and Executive	\$3,843,655	\$1,486,043		
Judicial	1,617,483	741,524	\$200,615	
Public Safety	4,909,889	599,933	442,266	
Public Works	3,627,364	81,753	3,910,629	\$140,000
Health	4,377,949	139,720	2,003,627	
Human Services	2,864,058	183,590	2,170,216	
Economic Development and Assistance	425,783	15,002	344,512	
Miscellaneous	1,278,631		199,857	
Capital Outlay	1,456,368	661,587		703,772
Debt Service:				
Principal	21,315			
Interest	5,063			
<i>Total Governmental Activities</i>	<u>24,427,558</u>	<u>3,909,152</u>	<u>9,271,722</u>	<u>843,772</u>
<b>Business Type Activities</b>				
Water and Sewer	203,167	238,938		
Sanitary Landfill	195,971	219,563		
Emergency Medical Services	2,584,454	1,591,274		
Airport Operations	29,481	31,776		
Putnam Acres	161,483			
<i>Total Business-Type Activities</i>	<u>3,174,556</u>	<u>2,081,551</u>		
<b>Totals</b>	<u><u>\$27,602,114</u></u>	<u><u>\$5,990,703</u></u>	<u><u>\$9,271,722</u></u>	<u><u>\$843,772</u></u>

**General Receipts**

Property Taxes Levied for:  
     General Purposes  
     Brookhill Center School  
     Mental Health  
     911 Systems  
     Emergency Medical Services  
 Payment in Lieu of Taxes  
 Sales Taxes  
 Grants and Entitlements not Restricted to Specific Programs  
 Interest  
 Transfers  
 Rent  
 Sale of Capital Assets  
 Miscellaneous

*Total General Receipts and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements.



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

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$2,357,612)		(\$2,357,612)
(675,344)		(675,344)
(3,867,690)		(3,867,690)
505,018		505,018
(2,234,602)		(2,234,602)
(510,252)		(510,252)
(66,269)		(66,269)
(1,078,774)		(1,078,774)
(91,009)		(91,009)
(21,315)		(21,315)
(5,063)		(5,063)
<u>(10,402,912)</u>		<u>(10,402,912)</u>
	\$35,771	35,771
	23,592	23,592
	(993,180)	(993,180)
	2,295	2,295
	(161,483)	(161,483)
	<u>(1,093,005)</u>	<u>(1,093,005)</u>
<u>(10,402,912)</u>	<u>(1,093,005)</u>	<u>(11,495,917)</u>
2,203,049		2,203,049
2,562,995		2,562,995
507,625		507,625
1,058,799		1,058,799
14,329	499,978	499,978
4,587,431		4,587,431
1,013,954	9,885	1,023,839
227,259		227,259
(45,627)	(30,722)	(76,349)
258,463		258,463
489,945		489,945
1,649,088	110,669	1,759,757
<u>14,527,310</u>	<u>589,810</u>	<u>15,117,120</u>
4,124,398	(503,195)	3,621,203
<u>15,759,675</u>	<u>2,694,723</u>	<u>18,454,398</u>
<u>\$19,884,073</u>	<u>\$2,191,528</u>	<u>\$22,075,601</u>

PUTNAM COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2017

	General	Auto License and Gas Tax	Brookhill Center School	Landfill Trust	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$3,099,687	\$1,954,260	\$3,310,690	\$2,000,000	\$9,519,436	\$19,884,073
<b>Fund Balances</b>						
Nonspendable	\$10,244					\$10,244
Restricted		\$1,954,260	\$3,310,690	\$2,000,000	\$8,685,933	15,950,883
Committed					833,503	833,503
Assigned	264,739					264,739
Unassigned	2,824,704					2,824,704
<b>Total Fund Balances</b>	<u>\$3,099,687</u>	<u>\$1,954,260</u>	<u>\$3,310,690</u>	<u>\$2,000,000</u>	<u>\$9,519,436</u>	<u>\$19,884,073</u>

See accompanying notes to the basic financial statements.

PUTNAM COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Auto License and Gas Tax	Brookhill Center School	Landfill Trust	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property Taxes	\$2,203,049		\$2,562,995		\$1,566,424	\$6,332,468
Sales Taxes	4,403,750				183,681	4,587,431
Permissive License Tax		\$140,000				140,000
Charges for Services	2,008,961		37,393		913,022	2,959,376
Licenses and Permits	1,425				92,638	94,063
Fines and Forfeitures	23,989	60,428			109,709	194,126
Intergovernmental	1,066,701	3,910,629	997,476		5,014,642	10,989,448
Payments in Lieu of Taxes	14,329					14,329
Special Assessments					661,587	661,587
Interest	220,531	6,728				227,259
Rent	258,463					258,463
Other	687,485	8,411	116,899		481,978	1,294,773
<b>Total Receipts</b>	<b>10,888,683</b>	<b>4,126,196</b>	<b>3,714,763</b>		<b>9,023,681</b>	<b>27,753,323</b>
<b>Disbursements</b>						
General Government:						
Legislative and Executive	3,315,905				527,750	3,843,655
Judicial	1,286,099				331,384	1,617,483
Public Safety	3,889,295				1,020,594	4,909,889
Public Works	79,200	3,547,870			294	3,627,364
Health	93,727		2,773,045		1,511,177	4,377,949
Human Services	433,325				2,430,733	2,864,058
Economic Development and Assistance					425,783	425,783
Miscellaneous	758,548				337,525	1,096,073
Capital Outlay					1,456,368	1,456,368
Debt Service:						
Principal			10,000		11,315	21,315
Interest					5,063	5,063
<b>Total Disbursements</b>	<b>9,856,099</b>	<b>3,547,870</b>	<b>2,783,045</b>		<b>8,057,986</b>	<b>24,245,000</b>
<b>Excess of Receipts Over Disbursements</b>	<b>1,032,584</b>	<b>578,326</b>	<b>931,718</b>		<b>965,695</b>	<b>3,508,323</b>
<b>Other Financing Sources (Uses)</b>						
Transfers In	56,500				1,411,392	1,467,892
Transfers Out	(889,500)		(200,000)		(424,019)	(1,513,519)
Advances In	469,520				224,394	693,914
Advances Out	(237,826)				(456,088)	(693,914)
Sale of Capital Assets					489,945	489,945
Other Financing Sources	82,784	180,853			90,678	354,315
Other Financing Uses	(181,281)				(1,277)	(182,558)
<b>Total Other Financing Sources (Uses)</b>	<b>(699,803)</b>	<b>180,853</b>	<b>(200,000)</b>		<b>1,335,025</b>	<b>616,075</b>
<b>Net Change in Fund Balances</b>	<b>332,781</b>	<b>759,179</b>	<b>731,718</b>		<b>2,300,720</b>	<b>4,124,398</b>
<b>Fund Balances Beginning of Year</b>	<b>2,766,906</b>	<b>1,195,081</b>	<b>2,578,972</b>	<b>\$2,000,000</b>	<b>7,218,716</b>	<b>15,759,675</b>
<b>Fund Balances End of Year</b>	<b>\$3,099,687</b>	<b>\$1,954,260</b>	<b>\$3,310,690</b>	<b>\$2,000,000</b>	<b>\$9,519,436</b>	<b>\$19,884,073</b>

See accompanying notes to the basic financial statements.

**PUTNAM COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$2,196,971	\$2,196,971	\$2,203,049	\$6,078
Sales Taxes	4,000,000	4,000,000	4,403,750	403,750
Charges for Services	1,664,665	1,664,665	1,762,592	97,927
Licenses and Permits	1,050	1,050	1,425	375
Fines and Forfeitures	20,000	20,000	23,989	3,989
Intergovernmental	900,237	900,237	1,066,701	166,464
Payments in Lieu of Taxes	25,000	25,000	14,329	(10,671)
Interest	100,000	100,000	220,531	120,531
Other	703,450	703,450	941,822	238,372
<i>Total Receipts</i>	<u>9,611,373</u>	<u>9,611,373</u>	<u>10,638,188</u>	<u>1,026,815</u>
<b>Disbursements</b>				
General Government:				
Legislative and Executive	4,241,127	4,455,635	3,780,701	674,934
Judicial	1,181,980	1,255,232	1,146,852	108,380
Public Safety	3,689,243	4,060,290	3,930,103	130,187
Public Works	83,084	83,084	79,200	3,884
Health	123,200	123,200	93,727	29,473
Human Services	461,121	484,794	440,027	44,767
Transportation	56,150	94,253	91,680	2,573
Miscellaneous	421,469	485,760	370,383	115,377
<i>Total Disbursements</i>	<u>10,257,374</u>	<u>11,042,248</u>	<u>9,932,673</u>	<u>1,109,575</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(646,001)</u>	<u>(1,430,875)</u>	<u>705,515</u>	<u>2,136,390</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	500,000	500,000	469,520	(30,480)
Transfers Out	(200,000)	(237,826)	(237,826)	
Advances In	13,500	13,500	56,500	43,000
Advances Out	(100,000)	(891,648)	(833,000)	58,648
Other Sources	60,500	60,500	82,784	22,284
Other Uses	(181,419)	(181,419)	(181,281)	138
<i>Total Other Financing Sources (Uses)</i>	<u>92,581</u>	<u>(736,893)</u>	<u>(643,303)</u>	<u>93,590</u>
<i>Net Change in Fund Balance</i>	<u>(553,420)</u>	<u>(2,167,768)</u>	<u>62,212</u>	<u>2,229,980</u>
<i>Fund Balance Beginning of Year</i>	<u>2,009,308</u>	<u>2,009,308</u>	<u>2,009,308</u>	
Prior Year Encumbrances Appropriated	<u>393,756</u>	<u>393,756</u>	<u>393,756</u>	
<i>Fund Balance End of Year</i>	<u>\$1,849,644</u>	<u>\$235,296</u>	<u>\$2,465,276</u>	<u>\$2,229,980</u>

See accompanying notes to the basic financial statements.

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Permissive License Tax	\$135,000	\$135,000	\$140,000	\$5,000
Fines and Forfeitures	40,100	40,100	60,428	20,328
Intergovernmental	3,825,000	3,825,000	3,910,629	85,629
Interest			6,728	6,728
Other			8,411	8,411
<i>Total Receipts</i>	<u>4,000,100</u>	<u>4,000,100</u>	<u>4,126,196</u>	<u>126,096</u>
<b>Disbursements</b>				
Public Works	<u>4,141,893</u>	<u>4,181,690</u>	<u>3,679,671</u>	<u>502,019</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(141,793)</u>	<u>(181,590)</u>	<u>446,525</u>	<u>628,115</u>
<b>Other Financing Sources</b>				
Other Sources	<u>150,500</u>	<u>150,500</u>	<u>180,853</u>	<u>30,353</u>
<i>Net Change in Fund Balance</i>	8,707	(31,090)	627,378	658,468
<i>Fund Balance Beginning of Year</i>	1,163,494	1,163,494	1,163,494	
Prior Year Encumbrances Appropriated	<u>31,587</u>	<u>31,587</u>	<u>31,587</u>	
<i>Fund Balance End of Year</i>	<u>\$1,203,788</u>	<u>\$1,163,991</u>	<u>\$1,822,459</u>	<u>\$658,468</u>

See accompanying notes to the basic financial statements.

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$2,745,000	\$2,556,382	\$2,562,995	\$6,613
Charges for Services	225,000	225,000	37,393	(187,607)
Intergovernmental	1,190,000	833,280	997,476	164,196
Other	100,100	101,100	116,899	15,799
<i>Total Receipts</i>	<u>4,260,100</u>	<u>3,715,762</u>	<u>3,714,763</u>	<u>(999)</u>
<b>Disbursements</b>				
Health	3,115,170	4,934,994	2,812,583	2,122,411
Principal			10,000	(10,000)
<i>Total Disbursements</i>	<u>3,115,170</u>	<u>4,934,994</u>	<u>2,822,583</u>	<u>2,112,411</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,144,930</u>	<u>(1,219,232)</u>	<u>892,180</u>	<u>2,111,412</u>
<b>Other Financing Uses</b>				
Transfers-Out			(200,000)	(200,000)
<i>Net Change in Fund Balance</i>	<u>1,144,930</u>	<u>(1,219,232)</u>	<u>692,180</u>	<u>1,911,412</u>
<i>Fund Balance Beginning of Year</i>	<u>2,596,206</u>	<u>2,596,206</u>	<u>2,596,206</u>	
Prior Year Encumbrances Appropriated	<u>13,170</u>	<u>13,170</u>	<u>13,170</u>	
<i>Fund Balance End of Year</i>	<u><u>\$3,754,306</u></u>	<u><u>\$1,390,144</u></u>	<u><u>\$3,301,556</u></u>	<u><u>\$1,911,412</u></u>

See accompanying notes to the basic financial statements.

**PUTNAM COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2017**

	<b>Business-Type Activities</b>		
	<b>Putnam County EMS</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,395,069	\$796,459	\$2,191,528
<b>Net Position</b>			
Unrestricted	\$1,395,069	\$796,459	\$2,191,528

*See accompanying notes to the basic financial statements.*

PUTNAM COUNTY

STATEMENT OF RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<b>Business-Type Activities</b>		
	<b>Putnam County EMS</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating Receipts</b>			
Charges for Services	\$1,591,274	\$405,277	\$1,996,551
Other Operating Receipts		109,945	109,945
<i>Total Operating Receipts</i>	<u>1,591,274</u>	<u>515,222</u>	<u>2,106,496</u>
<b>Operating Disbursements</b>			
Personal Services	1,171,934	228,470	1,400,404
Contract Services	234,032	92,166	326,198
Materials and Supplies	452,270	54,336	506,606
Capital Outlay	726,218	158,636	884,854
<i>Total Operating Disbursements</i>	<u>2,584,454</u>	<u>533,608</u>	<u>3,118,062</u>
<i>Operating Loss</i>	<u>(993,180)</u>	<u>(18,386)</u>	<u>(1,011,566)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments		85,000	85,000
Property Taxes	499,978		499,978
Intergovernmental Revenue	9,885		9,885
Other Non-Operating Revenue		724	724
Other Non-Operating Expense		(56,494)	(56,494)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>509,863</u>	<u>29,230</u>	<u>539,093</u>
<i>Income (Loss) before Transfers</i>	<u>(483,317)</u>	<u>10,844</u>	<u>(472,473)</u>
Transfers Out		(30,722)	(30,722)
<i>Change in Net Position</i>	<u>(483,317)</u>	<u>(19,878)</u>	<u>(503,195)</u>
<i>Net Position Beginning of Year</i>	<u>1,878,386</u>	<u>816,337</u>	<u>2,694,723</u>
<i>Net Position End of Year</i>	<u>\$1,395,069</u>	<u>\$796,459</u>	<u>\$2,191,528</u>

See accompanying notes to the basic financial statements.



PUTNAM COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2017

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$301</u>	<u>\$7,228,910</u>
<b>Net Position</b>		
Held in Trust	<u>\$301</u>	
Due to Others		<u>\$7,228,910</u>

*See accompanying notes to the basic financial statements.*

PUTNAM COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Private Purpose Trust</u>
<i>Net Position - Beginning of Year</i>	<u>\$301</u>
<i>Net Position - End of Year</i>	<u><u>\$301</u></u>

*See accompanying notes to the basic financial statements.*

## PUTNAM COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

#### Note 1 – Reporting Entity

Putnam County, Ohio (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, a Probate/Juvenile Court Judge, and a Municipal 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 Developmental Disabilities (DD), 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. There are no component units.

#### 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:

Putnam County Soil and Water Conservation District  
Putnam County Health Department  
Local Emergency Planning Commission  
Putnam County Airport Authority

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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 20 and 21 to the basic financial statements. These organizations are:

- Multi-Area Narcotics (MAN)
- Blanchard River Stream Enhancement Project
- Ottawa River Stream Enhancement Project
- Juvenile Residential Center of Northwest Ohio
- 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.

**Note 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. The 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 position 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 position 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.

The statement of net position 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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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 nonoperating 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 nonoperating.

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.

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

Landfill Trust - This fund was used to guaranty payment of the costs associated with the closure and post-closure care of the County landfill. The landfill was closed during 2001.

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 is the County's major enterprise fund:

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

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 position and changes in net position. 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. 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.

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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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 2017, the County invested in nonnegotiable certificates of deposit, federal agency securities, United States Treasury Notes and Bonds, and STAR Ohio. Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 2017 were \$220,531 which includes \$184,234 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 the availability of the asset. 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.

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.

The County had interfund loans payables/receivables at December 31, 2017.

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.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

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 Note 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

M. 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.

N. Net Position

Net position is 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 position 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 developmentally disabled, 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.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.



PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by ordinance, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. 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 nonoperating 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.

**Note 3 – Accountability and Compliance**

A. Change in Accounting Principals

For 2017, the County has implemented GASB Statement No. 80, *“Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14”*, GASB Statement No. 81 *“Irrevocable Split-Interest Agreements”*, and GASB Statement No. 82, *“Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73”*.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the County.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the County.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the County.

B. Compliance

Ohio Administrative Code 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 position/fund balances, and disclosures that, while material, cannot be determined at this time.

**Note 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 \$263,105 in the General Fund, \$131,801 in the Auto License and Gas Tax Fund, and \$39,538 in the Brookhill Center School Fund.

In addition, as part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds (unclaimed monies, clerk of court title administration, and recorder equipment fee funds) are considered part of the General Fund on the cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund, Auto License and Gas Tax Fund, and Brookhill Center School Fund:

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

Net Change in Fund Cash Balance

	<u>General Fund</u>	<u>Auto License and Gas Tax Fund</u>	<u>Brookhill Center School Fund</u>
Cash Basis	\$332,781	\$759,179	\$731,718
Funds Budgeted Elsewhere	(7,464)		
Adjustment for Encumbrances	<u>(263,105)</u>	<u>(131,801)</u>	<u>(39,538)</u>
Budget Basis	<u>\$62,212</u>	<u>\$627,378</u>	<u>\$692,180</u>

**Note 5 – Fund Balances**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	<u>General Fund</u>	<u>Auto License and Gas Tax Fund</u>	<u>Brookhill Center School Fund</u>	<u>Landfill Trust</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable for:						
Unclaimed Monies	\$10,244					\$10,244
Restricted for:						
General Government					\$2,251,161	2,251,161
Public Safety					1,844,092	1,844,092
Public Works		\$1,954,260			8,164	1,962,424
Health Services					1,096,345	1,096,345
Human Services			\$3,310,690		1,367,803	4,678,493
Economic Development					103,322	103,322
Capital Outlay				\$2,000,000	2,013,757	4,013,757
Debt Service					1,289	1,289
Total Restricted		<u>1,954,260</u>	<u>3,310,690</u>	<u>2,000,000</u>	<u>8,685,933</u>	<u>15,950,883</u>
Committed for:						
Human Services					779,491	779,491
Economic Development					29,182	29,182
Capital Outlay					24,830	24,830
Total Committed					<u>833,503</u>	<u>833,503</u>
Assigned for:						
Encumbrances	<u>264,739</u>					<u>264,739</u>
Unassigned	<u>2,824,704</u>					<u>2,824,704</u>
Total Fund Balance	<u>\$3,099,687</u>	<u>\$1,954,260</u>	<u>\$3,310,690</u>	<u>\$2,000,000</u>	<u>\$9,519,436</u>	<u>\$19,884,073</u>

**Note 6 – 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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
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. Up to forty percent of the County's average portfolio in either of the following
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase.
  - b. Bankers acceptances eligible for purchases by the Federal Reserve System and which mature within 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in 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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the County had \$569,839 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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, \$10,917,612 of the County's bank balance of \$12,917,612 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.

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 the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2017, the County had the following investments:

**PUTNAM COUNTY**

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Investment Type	Carrying Value	Less than 12 Months	12 - 24 Months
United States Treasury Notes and Bonds	\$399,602	\$399,602	
Federal Farm Credit Banks	199,614	199,614	
Federal Home Loan Bank	599,755	399,997	\$199,758
Federal Home Loan Mortgage Corporation	400,021	200,021	200,000
STAR Ohio	14,750,000	14,750,000	
<b>Total Investments</b>	<b>\$16,348,992</b>	<b>\$15,949,234</b>	<b>\$399,758</b>

The weighted average maturity of investments is 0.7 years

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the County's investment policy limits portfolio maturities to five years or less.

*Credit Risk:* The Federal Farm Credit Banks Notes, Federal Home Loan Bank Notes and Federal Home Loan Mortgage Corporation Notes carry a rating of AA+ by Standards & Poor's. The County has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

*Concentration of Credit Risk:* The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2017:

	Carrying Value	Percent of Balance
United States Treasury Notes and Bonds	\$399,602	2.44%
Federal Farm Credit Banks	199,614	1.22%
Federal Home Loan Bank	599,755	3.67%
Federal Home Loan Mortgage Corporation	400,021	2.45%
STAR Ohio	14,750,000	90.22%
<b>Total Investments</b>	<b>\$16,348,992</b>	<b>100.00%</b>

**Note 7 – 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 90 percent to the County's General Fund and 10 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 Ohio Department of Taxation certifies the amount of the tax to be returned to the Ohio Department of Budget and Management (OBM) so that OBM can issue the amount of the tax to be returned to the County. The Ohio Department of Taxation's certification must be made

**PUTNAM COUNTY**

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within forty-five days after the end of each month. The OBM then has five days in which to draw the warrant payable to the County.

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax receipts received in 2017 represent the collection of 2016 taxes. Real property taxes received in 2017 were levied after October 1, 2016, on the assessed values as of January 1, 2016, 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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, 2017, was \$10.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property		
Residential	\$	456,889,450
Agriculture		372,428,970
Commercial/Industrial/Mineral		65,406,150
Public Utility Property		
Real		1,011,890
Personal		52,393,620
Total Assessed Value	\$	<u>948,130,080</u>

**Note 9 – 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.

Interfund balances at December 31, 2017, consisted of receivables due the General Fund in the amount of \$126,205, which is payable from Other Governmental Funds.

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – 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 2017, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

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		2,500,000
Electronic Data Processing		250,000
Contractors Equipment	Replacement Cost	
Property in Transit		100,000
Auto Physical Damage	Actual Cash Value	
Automatic Acquisition		5,000,000
Crime Insurance		1,000,000
Faithful Performance		1,000,000
Money and Securities		1,000,000
Depositor’s Forgery		1,000,000
Money Order and Counterfeit Paper		1,000,000
Fund Transfer Fraud		500,000
Computer Fraud		500,000
Excess Liability		2,000,000 – 7,000,000

Flood insurance for the County Annex at 336 E. Main St., Ottawa is covered by Westfield Insurance Company. The coverage amount for the Annex Building and Contents is \$50,000.

With the exceptions of medical coverage, dental coverage for DD 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 2017, the County participated in the County Commissioners Association of Ohio Service Corporation, 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



**PUTNAM COUNTY**

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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.

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 Developmental Disabilities (DD) participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Sky Trust. DD 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. DD maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

**Note 11 - Defined Benefit Pension Plans**

**Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - County employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Law Enforcement</u>
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee:	10.0 %	**
 <b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	13.0 %	17.1 %
Post-employment Health Care Benefits	1.0 %	1.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee:	<u>10.0 %</u>	<u>13.0 %</u>

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

\*\* This rate is determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate, which has no maximum rate established by the ORC.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution for both the Traditional Pension Plan and the Combined Plan was \$1,564,288 for 2017.

**Net Pension Liability**

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.097246%
Proportion of the Net Pension Liability Current Measurement Date	<u>0.098089%</u>
Change in Proportionate Share	<u>0.000843%</u>
Proportionate Share of the Net Pension Liability	\$22,274,344

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period of 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75% including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/13 Retirees: 3%, simple Post 1/7/13 Retirees: 3%, simple through 2018, then 2.15% simple
Investment Rate of Return	7.50%
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS managed investment in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

Asset Class	Target Allocation	Long Term Expected Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

**Discount Rate**

The discount rate used to measure the total pension liability/asset was 7.5 percent, post-experience study results, for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member - Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the County's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.5 percent, as well as what the County's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net pension liability			
Traditional Pension Plan	\$ 34,029,036	\$ 22,274,344	\$ 12,478,883
Combined Plan	3,942	(54,852)	(100,525)
Member Directed Plan	800	(333)	(800)

**Note 12 – Postretirement Benefit Plan**

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy –The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, local government employers contributed 14.0% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2017, 2016 and 2015 were \$260,715, \$268,593, and \$254,710, respectively. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 13 – Debt**

The County's long-term debt activity for the year ended December 31, 2017 was as follows:

	Interest Rate	Balance December 31, 2016	Reductions	Balance December 31, 2017	Due Within One Year
<u>Governmental Activities</u>					
OPWC Loan #CM21N	0%	\$145,000	\$10,000	\$135,000	\$10,000
OWDA Loan #5802	1.50%	340,394	11,315	329,079	5,721
Total Governmental Activities		<u>\$485,394</u>	<u>\$21,315</u>	<u>\$464,079</u>	<u>\$15,721</u>

In 2011, the County obtained an Ohio Public Works Commission (OPWC) interest free loan, in the amount of \$200,000 for the replacement of the wastewater plant for the Putnam County Board of Developmental Disabilities (DD). Semiannual payments of \$5,000 over 20 years will be paid from DD revenues.

In 2011, the County obtained an Ohio Water Development Association (OWDA) loan, in the amount of \$404,811, with a 1.5% interest rate, for manhole relining. The loan will be repaid in semiannual installments over 31 years from transfers from the General Fund.

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

Year	OPWC Loan	OWDA Loan	
		Principal	Interest
2018	\$10,000	\$5,721	\$2,468
2019	10,000	11,571	4,807
2020	10,000	11,745	4,633
2021	10,000	11,922	4,456
2022	10,000	12,102	4,276
2023-2027	50,000	63,297	18,594
2028-2032	35,000	68,208	13,684
2033-2037		73,500	8,392
2038-2042		71,013	2,690
	<u>\$135,000</u>	<u>\$329,079</u>	<u>\$64,000</u>

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, 2017, were an overall debt margin of \$22,203,252 and an unvoted debt margin of \$9,481,301.

**Conduit Debt**

In 2015, the County issued \$8,024,700 in Ohio Economic Development Bonds for the purpose of making a loan to assist the Bluffton University in financing a portion of the cost of acquiring, constructing,



**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

improving, installing, and equipping the facilities. The County is not obligated in any way to pay the debt charges on the bonds from any of its finds, and therefore, the debt has been excluded entirely from the County's debt presentation. As of December 31, 2017, \$7,643,759, of these bonds was outstanding.

In 2016, the County issued \$3,031,400 in Ohio Economic Development Bonds for the purpose of making a loan to assist the Bluffton University in financing a portion of the cost of acquiring, constructing, improving, installing, and equipping the facilities. The County is not obligated in any way to pay the debt charges on the bonds from any of its finds, and therefore, the debt has been excluded entirely from the County's debt presentation. As of December 31, 2017, \$2,461,551, of these bonds was outstanding.

In 2016, the County issued \$3,500,000 in Ohio Economic Development Bonds for the purpose of making a loan to assist the Leipsic Community Center in financing a portion of the cost of acquiring, constructing, improving, installing, and equipping the facilities. The County is not obligated in any way to pay the debt charges on the bonds from any of its finds, and therefore, the debt has been excluded entirely from the County's debt presentation. As of December 31, 2017, \$3,445,655, of these bonds was outstanding.

**Note 14 – Leases**

The County leases buildings, vehicles and other equipment under noncancelable leases. The County disbursed \$13,217 to pay lease costs for the year ended December 31, 2017. Future lease payments are as follows:

<i>Year</i>	<i>Amount</i>
2018	\$7,662
2019	6,134
2020	<u>2,557</u>
Total	<u><u>\$16,353</u></u>

**Note 15 – Postclosure 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 1997.

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The County has passed the financial accountability test in which the County has proven to be able to self-fund these future costs.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 16 – Interfund Transfers**

During 2017 the following transfers were made:

		Transfers Out				
		General	Brookhill Center School	Other Governmental	Other Enterprise	Total
Transfers In	Governmental Funds:					
	General			\$56,500		\$56,500
	Other Governmental	\$889,500	\$200,000	305,086	\$16,806	1,411,392
	Total Governmental Funds	<u>889,500</u>	<u>200,000</u>	<u>361,586</u>	<u>16,806</u>	<u>1,467,892</u>
	Fiduciary Funds:					
Agency			62,433	13,916	76,349	
		<u>\$889,500</u>	<u>\$200,000</u>	<u>\$424,019</u>	<u>\$30,722</u>	<u>\$1,544,241</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.

**Note 17 – Interfund Advances**

During 2017 the following advances were made:

		Advances Out			
		General	Other Governmental	Agency	Total
Advances In	Governmental Funds:				
	General		\$456,088	\$13,432	\$469,520
	Other Governmental	\$224,394			224,394
	Total Governmental Funds	<u>224,394</u>	<u>456,088</u>	<u>13,432</u>	<u>693,914</u>
	Fiduciary Funds:				
Agency	13,432			13,432	
		<u>\$237,826</u>	<u>\$456,088</u>	<u>\$13,432</u>	<u>\$707,346</u>

**Note 18 – Construction and Contractual Commitments**

Contractor	Project	Original Contract Amount	Contract Balance 12/31/17
Duro-Last Roofing	Ag Complex Roof Replacement	\$214,039	\$214,039

## PUTNAM COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017 (Continued)

#### **Note 19 – 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.

#### **Note 20 – Jointly Governed Organizations**

##### 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, Fulton, 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 from federal grants and local matching funds from the entities. In 2017, Putnam County made a \$25,000 contribution to the MAN's operations. Information can be obtained from the Defiance County Sheriff's office, 113 Beide Street, Defiance, Ohio 43512.

##### 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 contributed \$1,000 to the project during 2017. The Hancock County Auditor serves as fiscal agent for this project.

##### 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 not contribute to the project during 2017. The Allen County Auditor serves as fiscal agent for this project.

##### Juvenile Residential Center of Northwest Ohio

The Juvenile Residential Center of Northwest Ohio is a jointly governed organization between Ohio counties, (*Defiance, Fulton, Hancock, Henry, Paulding, Putnam, Ottawa, Van Wert, Williams and Wood Counties*). The Center provides for juvenile rehabilitation and correction for juvenile offenders who would otherwise be eligible for commitment to the Ohio Department of Youth Services. The Center 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 Center is limited to their representation on the governing board. Wood County serves as the fiscal agent.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**Note 21 – 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 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.

PUTNAM COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Job and Family Services</u>			
Supplemental Nutrition Assistance Program Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5797	\$92,210
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Development Services Agency</i>			
<u>County Commissioners</u>			
Home Investment Partnerships Program	14.239	B-C-15-1CL-2	206,297
Community Development Block Grants	14.228	B-F-16-1CL-1	66,120
Community Development Block Grants (CHIP)	14.228	B-C-15-1CL-1	279,910
Total Community Development Block Grants			<u>346,030</u>
Total U.S. Department of Housing and Urban Development			<u>552,327</u>
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Montgomery County Workforce Investment Act Area 7</i>			
<u>Job and Family Services</u>			
Workforce Innovation and Opportunity Act Cluster:			
WIOA Adult Program	17.258	2016-7169-1	21,637
WIOA Youth Activities	17.259	2016-7169-1	17,798
WIOA Dislocated Worker Formula Grants	17.278	2016-7169-1	18,412
Total Workforce Innovation and Opportunity Act Cluster			<u>57,847</u>
Total U.S. Department of Labor			<u>57,847</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
<u>County Engineer</u>			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	PID #104233	4,000
Highway Planning and Construction	20.205	PID #98795	330,598
Highway Planning and Construction	20.205	PID #103460	3,600
Total Highway Planning and Construction Cluster			<u>338,198</u>
Total U.S. Department of Transportation			<u>338,198</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
<u>Developmental Disabilities Board</u>			
Social Services Block Grant	93.667	FY17	15,485
Medicaid Cluster:			
Medical Assistance Program	93.778	FY17	99,786
Total Development Disabilities Board			<u>115,271</u>

(continued)

PUTNAM COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b><i>Passed Through Ohio Department of Job and Family Services</i></b>			
<u>Job and Family Services Department</u>			
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5797	38,629
Promoting Safe and Stable Families	93.556	G-1819-11-5797	23,966
Chafee Foster Care Independence Program	93.674	G-1819-11-5797	5,368
Children's Health Insurance Program	93.767	G-1819-11-5797	14,999
Child Support Enforcement	93.563	G-1819-11-5797	253,887
Foster Care Title IV-E	93.658	G-1819-11-5797	124,606
Adoption Assistance	93.659	G-1819-11-5797	18,512
Social Services Block Grant	93.667	G-1819-11-5797	212,874
Medicaid Cluster:			
Medical Assistance Program	93.778	G-1819-11-5797	263,053
Temporary Assistance for Needy Families Cluster:			
Temporary Assistance for Needy Families	93.558	G-1819-11-5797	391,837
Child Care and Development Funds Cluster:			
Child Care and Development Block Grant	93.575	G-1819-11-5797	14,573
Total Job and Family Services Department			<u>1,362,304</u>
<b><i>Passed Through Ohio Department of Mental Health and Addiction Services</i></b>			
<u>Alcohol, Drug Addiction and Mental Health Services Board</u>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY17	130,817
Block Grants for Community Mental Health Services	93.958	FY17	1,100
Total Alcohol, Drug Addiction and Mental Health Services			<u>131,917</u>
<b><i>Passed Through Ohio Department of Mental Health</i></b>			
<u>Alcohol, Drug Addiction and Mental Health Services Board</u>			
Block Grants for Community Mental Health Services	93.958	FY17	19,799
Social Services Block Grant	93.667	FY17	16,782
Total Alcohol, Drug Addiction and Mental Health Services Board			<u>36,581</u>
Total Social Services Block Grant - CFDA #93.667			<u>245,141</u>
Total Medicaid Cluster - CFDA #93.778			<u>362,839</u>
Total Block Grants for Community Mental Health Services - CFDA #93.958			<u>20,899</u>
Total U.S. Department of Health and Human Services			<u>1,646,073</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b><i>Passed Through Ohio Department of Emergency Management</i></b>			
<u>Emergency Management Agency</u>			
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01	31,349
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	10,683
Total U.S. Department of Homeland Security			<u>42,032</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$2,728,687</u></u></b>

The accompanying notes are an integral part of this schedule.

**PUTNAM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Putnam County (the County's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's local program income account as of December 31, 2017 is \$42,296.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE E – PRIOR YEAR PROGRAM ADJUSTMENTS**

During the calendar year, the County Board of Developmental Disabilities received a settlement payment for the 2012 and 2013 Cost Reports from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$371 and \$908, respectively. The Cost Report Settlement payment was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods.

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# Dave Yost • Auditor of State

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

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2018, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-002 to be a material weakness.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

***Entity's Response to Findings***

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings or corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 20, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1968

To the Board of County Commissioners:

### ***Report on Compliance for each Major Federal Program***

We have audited Putnam County, Ohio's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on each Major Federal Program***

In our opinion, Putnam County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

***Report on Internal Control over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 20, 2018

**PUTNAM COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2017**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any 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 weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any 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>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Temporary Assistance to Needy Families Cluster Child Support Enforcement – CFDA #93.563 Highway Planning and Construction Cluster Community Development Block Grants – CFDA #14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

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

**FINDING NUMBER 2017-001**

**Noncompliance Citation**

**Ohio Rev. 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 Admin. Code 117-2-03(B)** adds to the general requirements of Ohio Rev. Code § 117.38 by requiring Counties to prepare their annual financial report in accordance with accounting principles generally accepted in the United States of America.

The County lacked a Governmental Accounting Statement Standards Board (GASB) Statement No. 34 policy, and as a cost savings measure, the County decided to prepare its financial statements on the cash basis of accounting, which is a basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, presumably, cannot be determined at this time. The County may be fined and various other administrative remedies may be taken against the County.

The County should prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response:**

See Corrective Action Plan

**FINDING NUMBER 2017-002**

**Material Weakness**

**Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

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 following errors were identified in the accompanying financial statements:

- Intergovernmental revenue in the amount of \$207,733 was incorrectly classified as miscellaneous revenue in the Brookhill Center Fund.
- A transfer out of the Brookhill Center Fund in the amount of \$200,000 was recorded correctly in the accounting system, but incorrectly posted to Other Governmental Funds on the financial statements.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. As a result, the County's financial statements did not correctly reflect the financial activity of the County. The accompanying financial statements have been adjusted to correct these and other errors. Additional errors were noted in smaller relative amounts.

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

**Officials' Response:**

See Corrective Action Plan

**BOARD OF COMMISSIONERS  
OF PUTNAM COUNTY**

245 E. MAIN STREET, SUITE 101  
OTTAWA, OHIO 45875-1968  
PHONE: 419-523-3656  
FAX: 419-523-9213

**COMMISSIONERS:**  
John E. Love  
Michael A. Lammers  
Vincent T. Schroeder  
**ADMINISTRATOR:**  
Jackson Betscher

**CLERK:**  
Cindy M. Landwehr  
**GRANTS/WAGE COORDINATOR:**  
Ashley M. Siefker  
**RECYCLING COORDINATOR:**  
Alaina L. Siefker

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	This finding was first reported in 2001. Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(B) for reporting on basis other than generally accepted accounting principles.	Not Corrected and reissued as finding 2017-001 in this report.	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. The Putnam County Auditor annually reviews the decision to prepare financial reports following the cash basis of accounting.
2016-002	This finding was first reported in 2006. Material weakness for lack of monitoring of financial transactions due to errors in the financial statements.	Not Corrected and reissued as finding 2017-002 in this report.	The County lacked a policy regarding financial review which contributed to material posting discrepancies. The lack of reviewing the financial statements resulted in material posting discrepancies in the current audit period. The County Auditor will continue to monitor the County's financial statements and make changes as necessary and review the State's continual changing of classification postings.



**COMMISSIONERS:**  
 John E. Love  
 Michael A. Lammers  
 Vincent T. Schroeder  
**ADMINISTRATOR:**  
 Jackson Betscher

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 OF PUTNAM COUNTY**  
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**CLERK:**  
 Cindy M. Landwehr  
**GRANTS/WAGE COORDINATOR:**  
 Ashley M. Siefker  
**RECYCLING COORDINATOR:**  
 Alaina L. Siefker

**CORRECTIVE ACTION PLAN**  
 2 CFR § 200.511(c)  
 DECEMBER 31, 2017

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	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.	N/A	Robert Benroth
2017-002	The County Auditor will continue to monitor the County's financial statements and make changes as necessary and review the State's continual changing of classification postings.	N/A	Robert Benroth

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# Dave Yost • Auditor of State

**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  
OCTOBER 4, 2018**