



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**PUTNAM COUNTY  
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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1996

To the Board of Commissioners:

We have audited the accompanying general-purpose financial statements of Putnam County (the County) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Brookhill Workshop, the County's discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Brookhill Workshop component unit, is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Brookhill Workshop component unit was not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor's provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Putnam County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and discretely presented component unit for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general-purpose financial statements, the County reclassified the Emergency Medical Services Fund in 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 14, 2000

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**PUTNAM COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT  
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in pooled cash, cash equivalents, and investments	\$1,697,099	\$6,222,542	\$5,640	\$784,680
Cash in segregated accounts	496			
Receivables (net of allowances for uncollectibles):				
Taxes	1,629,399	1,132,950		17,894
Accounts	36,388	32,022		
Accrued interest	225	8		
Loans		819,550		
Special assessments		105,824		
Interfund loans	158,281			
Advances to other funds	303,425	14,350		
Due from other funds	30,721	7,214		
Due from other governments	4,760	254,466		16,117
Prepayments	32,954	44,207		
Materials and supplies inventory	51,362	331,045		
Restricted assets:				
Equity in pooled cash and cash equivalents				
Property, plant and equipment (net of accumulated depreciation where applicable)				
Goodwill				
<b>Other debits:</b>				
Amount available in debt service fund				
Amount to be provided for retirement of general long-term obligations				
<b>Total assets and other debits</b>	<b><u>\$3,945,110</u></b>	<b><u>\$8,964,178</u></b>	<b><u>\$5,640</u></b>	<b><u>\$818,691</u></b>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government		Reporting Entity
Enterprise	Trust and Agency					
\$1,751,322	\$1,974,662			\$12,435,945		\$12,435,945
684	200,276			201,456	\$415,419	616,875
				2,780,243		2,780,243
274,120				342,530	63,947	406,477
				233		233
				819,550		819,550
				105,824		105,824
				158,281		158,281
				317,775		317,775
				37,935		37,935
				275,343		275,343
21,946				99,107	1,331	100,438
9,943				392,350	14,983	407,333
105,596				105,596		105,596
4,572,104		\$15,033,183		19,605,287	88,180	19,693,467
					2,833	2,833
			\$5,640	5,640		5,640
			1,751,179	1,751,179		1,751,179
<b>\$6,735,715</b>	<b>\$2,174,938</b>	<b>\$15,033,183</b>	<b>\$1,756,819</b>	<b>\$39,434,274</b>	<b>\$586,693</b>	<b>\$40,020,967</b>

(Continued)

**PUTNAM COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT  
DECEMBER 31, 1999  
(Continued)**

	<b>Governmental Fund Types</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$63,959	\$349,467		\$21,237
Contracts payable	2,235	24,274		12,750
Accrued wages and benefits	85,392	122,602		
Compensated absences payable	52,177	23,862		
Interfund loans payable		154,564		3,717
Advances from other funds		27,100		
Deferred revenue	1,317,356	1,238,606		
Due to other funds	6,685	1,521		
Due to other governments	21,293	35,160		
Deposits held and due to others	496			
Pension obligation payable	97,747	147,047		
Estimated landfill closure costs				
Accrued interest payable				
General obligation bonds payable				
Capital lease obligation payable				
Claims and judgements payable				
Notes payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,647,340	2,124,203		37,704
<b>Equity and other credits:</b>				
Contributed capital				
Investment in general fixed assets				
Accumulated deficit				
Fund balances:				
Reserved for encumbrances	46,799	126,752		125,994
Reserved for materials and supplies inventory	51,362	331,045		
Reserved for loans		819,550		
Reserved for advances	303,425	14,350		
Reserved for prepayments	32,954	44,207		
Reserved for debt service			\$5,640	
Unreserved-undesignated	1,863,230	5,504,071		654,993
Net Assets				
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity and other credits	2,297,770	6,839,975	5,640	780,987
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total liabilities, equity and other credits</b>	<b>\$3,945,110</b>	<b>\$8,964,178</b>	<b>\$5,640</b>	<b>\$818,691</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	Component Unit	Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government		Reporting Entity
Enterprise	Trust and Agency					
\$61,077				\$495,740	\$3,864	\$499,604
17,004				56,263		56,263
95,920				303,914	6,540	310,454
337,743			\$929,862	1,343,644		1,343,644
				158,281		158,281
290,675				317,775		317,775
				2,555,962		2,555,962
29,729				37,935		37,935
6,406	\$1,970,165			2,033,024	1,810	2,034,834
684	200,276			201,456		201,456
80,434				325,228		325,228
3,956,875				3,956,875		3,956,875
8,913				8,913		8,913
2,019,114			685,962	2,705,076		2,705,076
			133,495	133,495		133,495
	1,424			1,424		1,424
			7,500	7,500		7,500
<u>6,904,574</u>	<u>2,171,865</u>		<u>1,756,819</u>	<u>14,642,505</u>	<u>12,214</u>	<u>14,654,719</u>
1,687,548				1,687,548		1,687,548
		\$15,033,183		15,033,183		15,033,183
(1,856,407)				(1,856,407)		(1,856,407)
				299,545		299,545
				382,407		382,407
				819,550		819,550
				317,775		317,775
				77,161		77,161
				5,640		5,640
	3,073			8,025,367		8,025,367
					574,479	574,479
<u>(168,859)</u>	<u>3,073</u>	<u>15,033,183</u>		<u>24,791,769</u>	<u>574,479</u>	<u>25,366,248</u>
<u>\$6,735,715</u>	<u>\$2,174,938</u>	<u>\$15,033,183</u>	<u>\$1,756,819</u>	<u>\$39,434,274</u>	<u>\$586,693</u>	<u>\$40,020,967</u>

**PUTNAM COUNTY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Property and other taxes	\$1,059,547	\$1,351,889
Sales taxes	2,066,784	
Charges for services	899,706	264,825
Licenses and permits	2,920	50,228
Fines and forfeitures	319,266	112,599
Special assessments	1,356	270,827
Intergovernmental	704,454	8,101,646
Investment income	721,062	148,453
Rental income	57,792	
Other	227,271	285,559
Total revenue	6,060,158	10,586,026
<b>Expenditures:</b>		
Current:		
General government:		
Legislative and executive	1,909,606	428,319
Judicial	771,889	184,763
Public safety	1,968,850	426,203
Public works	2,517	3,228,644
Health	41,377	2,969,214
Human services	486,873	2,821,534
Economic development and assistance		853,313
Transportation	42,664	
Other	267,154	
Capital outlay		197,501
Debt service:		
Principal retirement	13,851	38,140
Interest and fiscal charges	5,041	15,655
Total expenditures	5,509,822	11,163,286
Excess of revenues over (under) expenditures	550,336	(577,260)
<b>Other financing sources (uses):</b>		
Proceeds from sale of fixed assets	5,998	
Operating transfers in		33,421
Operating transfers out	(597,364)	
Total other financing sources (uses)	(591,366)	33,421
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(41,030)	(543,839)
Fund balance, January 1 (Restated)	2,350,108	7,389,334
Decrease in reserve for inventory	(11,308)	(5,520)
<b>Fund balances, December 31</b>	<b>\$2,297,770</b>	<b>\$6,839,975</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
	\$110,249		\$2,411,436
			2,177,033
			1,164,531
			53,148
			431,865
	18,592		272,183
			8,824,692
\$45,509			869,515
	59,557		103,301
			572,387
<u>45,509</u>	<u>188,398</u>		<u>16,880,091</u>
			2,337,925
			956,652
			2,395,053
			3,231,161
			3,010,591
			3,308,407
			853,313
			42,664
	282,538		267,154
			480,039
71,582			123,573
<u>44,241</u>			<u>64,937</u>
<u>115,823</u>	<u>282,538</u>		<u>17,071,469</u>
<u>(70,314)</u>	<u>(94,140)</u>		<u>(191,378)</u>
			5,998
70,098	113,000		216,519
			(597,364)
<u>70,098</u>	<u>113,000</u>		<u>(374,847)</u>
(216)	18,860		(566,225)
5,856	762,127	\$3,073	10,510,498
			(16,828)
<u>\$5,640</u>	<u>\$780,987</u>	<u>\$3,073</u>	<u>\$9,927,445</u>

**PUTNAM COUNTY**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Property taxes	\$1,029,520	\$1,059,547	\$30,027	\$1,300,456	\$1,351,889	\$51,433
Sales taxes	1,890,000	2,111,449	221,449			
Charges for services	1,198,417	901,726	(296,691)	378,681	259,107	(119,574)
Licenses and permits	3,040	2,920	(120)	54,000	50,228	(3,772)
Fines and forfeitures	33,300	33,179	(121)	109,666	113,003	3,337
Intergovernmental	719,621	704,061	(15,560)	9,567,321	8,675,797	(891,524)
Special assessments	1,317	1,356	39	233,001	271,346	38,345
Investment income	500,000	789,591	289,591	101,505	148,453	46,948
Rental income	96,579	57,792	(38,787)			
Other	186,950	180,435	(6,515)	460,132	322,146	(137,986)
<b>Total revenues</b>	<b>5,658,744</b>	<b>5,842,056</b>	<b>183,312</b>	<b>12,204,762</b>	<b>11,191,969</b>	<b>(1,012,793)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Legislative and executive	2,164,830	2,015,664	149,166	545,358	489,757	55,601
Judicial	893,604	845,142	48,462	291,572	201,371	90,201
Public safety	1,966,047	1,771,234	194,813	608,283	432,325	175,958
Public works	3,000	2,517	483	4,158,263	3,373,532	784,731
Health	49,899	41,377	8,522	3,671,620	3,070,757	600,863
Human services	555,851	489,249	66,602	3,711,129	2,923,273	787,856
Economic development and assistance				1,813,156	1,216,767	596,389
Transportation	44,304	43,429	875			
Other	334,870	291,818	43,052			
Capital outlay				336,121	326,672	9,449
<b>Debt service:</b>						
Principal retirement				90,000	90,000	
Interest and fiscal charges				7,259	7,259	
<b>Total expenditures</b>	<b>6,012,405</b>	<b>5,500,430</b>	<b>511,975</b>	<b>15,232,761</b>	<b>12,131,713</b>	<b>3,101,048</b>
Excess of revenues over (under) expenditures	<b>(353,661)</b>	<b>341,626</b>	<b>695,287</b>	<b>(3,027,999)</b>	<b>(939,744)</b>	<b>2,088,255</b>
<b>Other financing sources (uses):</b>						
Proceeds from sale of fixed assets	500	5,998	5,498			
Advances in and not repaid		214,817	214,817	350,152	241,922	(108,230)
Advances (out) and not repaid	(219,405)	(219,405)		(241,051)	(241,051)	
Operating transfers in		3,000	3,000	10,938	33,492	22,554
Operating transfers (out)	(614,615)	(614,615)		(1,007)	(1,007)	
<b>Total other financing sources (uses)</b>	<b>(833,520)</b>	<b>(610,205)</b>	<b>223,315</b>	<b>119,032</b>	<b>33,356</b>	<b>(85,676)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	<b>(1,187,181)</b>	<b>(268,579)</b>	<b>918,602</b>	<b>(2,908,967)</b>	<b>(906,388)</b>	<b>2,002,579</b>
Fund balances, January 1	1,533,513	1,533,513		6,158,809	6,158,809	
Prior year encumbrances appropriated	309,300	309,300		524,559	524,559	
<b>Fund balances, December 31</b>	<b>\$655,632</b>	<b>\$1,574,234</b>	<b>\$918,602</b>	<b>\$3,774,401</b>	<b>\$5,776,980</b>	<b>\$2,002,579</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
			\$78,750	\$111,129	\$32,379	\$2,329,976	\$2,411,436	\$81,460
						1,968,750	2,222,578	253,828
						1,577,098	1,160,833	(416,265)
						57,040	53,148	(3,892)
			11,717	2,475	(9,242)	142,966	146,182	3,216
						10,298,659	9,382,333	(916,326)
						234,318	272,702	38,384
						601,505	938,044	336,539
\$65,710	\$65,710					162,289	123,502	(38,787)
			2,340	59,557	57,217	649,422	562,138	(87,284)
65,710	65,710		92,807	173,161	80,354	18,022,023	17,272,896	(749,127)
						2,710,188	2,505,421	204,767
						1,185,176	1,046,513	138,663
						2,574,330	2,203,559	370,771
						4,161,263	3,376,049	785,214
						3,721,519	3,112,134	609,385
						4,266,980	3,412,522	854,458
						1,813,156	1,216,767	596,389
						44,304	43,429	875
800		\$800				335,670	291,818	43,852
			416,862	407,958	8,904	752,983	734,630	18,353
84,082	84,082					174,082	174,082	
31,741	31,741					39,000	39,000	
116,623	115,823	800	416,862	407,958	8,904	21,778,651	18,155,924	3,622,727
(50,913)	(50,113)	800	(324,055)	(234,797)	89,258	(3,756,628)	(883,028)	2,873,600
						500	5,998	5,498
				3,717	3,717	350,152	460,456	110,304
49,897	49,897			113,000	113,000	(460,456)	(460,456)	
						60,835	199,389	138,554
						(615,622)	(615,622)	
49,897	49,897			116,717	116,717	(664,591)	(410,235)	254,356
(1,016)	(216)	800	(324,055)	(118,080)	205,975	(4,421,219)	(1,293,263)	3,127,956
5,856	5,856		730,128	730,128		8,428,306	8,428,306	
			13,225	13,225		847,084	847,084	
<b>\$4,840</b>	<b>\$5,640</b>	<b>\$800</b>	<b>\$419,298</b>	<b>\$625,273</b>	<b>\$205,975</b>	<b>\$4,854,171</b>	<b>\$7,982,127</b>	<b>\$3,127,956</b>

**PUTNAM COUNTY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating revenues:</b>	
Charges for services	\$4,580,711
Tap-in fees	5,625
Other operating revenues	22,493
Total operating revenues	4,608,829
<b>Operating expenses:</b>	
Personal services	2,842,048
Contractual services	653,634
Materials and supplies	371,233
Depreciation	344,356
Landfill closure and post-closure costs	538,486
Utilities	2,805
Other operating expense	237,919
Total operating expenses	4,990,481
Operating loss	(381,652)
<b>Nonoperating revenues (expenses):</b>	
Loss on sale of fixed assets	(4,564)
Interest expense and fiscal charges	(100,007)
Investment earnings	5,596
Other nonoperating revenue	206,822
Total nonoperating revenues	107,847
Net loss before operating transfers	(273,805)
Operating transfers in	401,046
Operating transfers out	(20,201)
Net income	107,040
Addback of depreciation on assets acquired from contributed capital	129,927
Accumulated Deficit, January 1 (Restated)	(2,093,374)
Accumulated Deficit, December 31	(1,856,407)
Contributed capital at January 1 (Restated)	1,643,373
Contributions of fixed assets from other funds	174,102
Depreciation on fixed assets acquired by contributed capital	(129,927)
Contributed capital at December 31	1,687,548
<b>Total fund equity at December 31</b>	<b>(\$168,859)</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



**PUTNAM COUNTY  
STATEMENT OF ACTIVITIES  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Component Unit</b>
<b>Revenue:</b>	
Contracts and Sale of Products	\$653,913
Cost of Goods Sold	489,129
	164,784
<b>Expenses:</b>	
Client Transportation	8,472
Client Training and Activities	6,883
Office Supplies and Postage	12,738
Insurance	83
Trash	2,205
Vehicle Expense	2,691
Repairs and Maintenance	12,570
Payroll Taxes	15,621
Workers Compensation	1,741
Accounting and Legal	2,375
Depreciation and Amortization	21,120
Dues	1,085
Miscellaneous	5,135
Commissions	152
Bank Charges	1,018
Employee Benefits	8,514
	102,403
Increase in Net Assets Before Other Income/Expense	62,381
Other Income	97,650
Other Expense:	
Overhead Expenses - Donated	(72,641)
	87,390
Increase in Net Assets	87,390
Net Assets at January 1	487,089
<b>Net Assets at December 31</b>	<b>\$574,479</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**PUTNAM COUNTY  
STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNIT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Component Unit</b>
<b>Cash flows from operating activities:</b>	
Change in Net Assets	\$87,390
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation	21,120
Increase in accounts receivable	(16,477)
Decrease in inventories	2,559
Decrease in prepaid expenses	360
Decrease in accounts payable	(20,057)
Decrease in accrued payroll	(1,130)
Decrease in accrued payroll taxes	(1,270)
Total adjustments	(14,895)
Net cash provided by operating activities	72,495
<b>Cash flows from investing activities:</b>	
Purchases of equipment	(6,244)
Net increase in cash and cash equivalents	66,251
Cash and cash equivalents at January 1	349,168
<b>Cash and cash equivalents at December 31</b>	<b>\$415,419</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**PUTNAM COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$4,392,236
Cash received from other operations	22,493
Cash payments for personal services	(2,939,525)
Cash payments for contract services	(702,398)
Cash payments for materials and supplies	(398,600)
Cash payments for landfill closure	(20,085)
Cash payments for utilities	(2,566)
Cash payments for other expenses	(204,227)
Net cash provided by operating activities	147,328
<b>Cash flows from noncapital financing activities:</b>	
Cash received from nonoperating activities	206,822
Transfers in from other funds	401,046
Transfers out to other funds	(20,201)
Net cash provided by noncapital financing activities	587,667
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(466,216)
Return of Capitalized Interest	68,775
Proceeds from issuance of long-term debt	270,000
Principal retirement	(182,953)
Interest paid	(110,651)
Net cash used in capital and related financing activities	(421,045)
<b>Cash flows from investing activities:</b>	
Interest received	5,596
Net increase in cash and cash equivalents	319,546
Cash and cash equivalents at January 1	1,538,056
<b>Cash and cash equivalents at December 31</b>	<b>\$1,857,602</b>

(Continued)

**PUTNAM COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	<b>(\$381,652)</b>
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	344,356
Changes in assets and liabilities:	
Decrease in materials and supplies inventory	18,771
Increase in accounts receivable	(248,938)
Decrease in prepayments	3,536
Decrease in due from other governments	54,838
Decrease in due from other funds	29,729
Decrease in accounts payable	(36,960)
Decrease in retainage payable	(14,840)
Decrease in accrued wages and benefits	(75,639)
Decrease in compensated absences payable	(14,421)
Decrease in due to other governments	(4,035)
Decrease in pension obligation payable	(6,294)
Decrease in contracts payable	(39,313)
Increase in estimated landfill closure costs	518,190
<b>Net cash provided by operating activities</b>	<b>\$147,328</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - DESCRIPTION OF THE COUNTY**

Putnam County (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 County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Common Pleas Court Judges, a Probate/Juvenile Court Judge, and two County Court Judges. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

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 Children's Services Board, the Human Services Department, the Putnam County Solid Waste Management Board, the Alcohol, Drug Addiction, and Mental Health Services Board, the Mental Retardation and Developmental Disabilities Board, the Putnam County Emergency Management Agency, the Airport Authority Board, and all departments and activities that are directly operated by the elected County officials.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The County's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity. The financial statements include all funds, account groups, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general-purpose financial statements to be misleading or incomplete.

Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Based on the foregoing criteria, the financial activities of the following PCU is reflected in the accompanying financial statements:

**Discretely Presented Component Unit**

Brookhill Center Industries, Inc. ("Workshop")

Based on the foregoing criteria, the Brookhill Center Industries, Inc. (the Workshop) has been included in the County's financial statements as discretely presented component unit. The workshop is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop,

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

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

**Potential Component Units Reported as Agency Funds**

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissioners listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following entities are presented as agency funds within the general-purpose financial statements:

County General Health District;  
Soil and Water Conservation District;  
Law Library; and  
Family and Children First Council.

The County is associated with certain organizations which are defined as Jointly Governed Organizations, a Shared Risk Pool, and an Insurance Purchasing Pool, as follows:

**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, Paulding and Putnam Counties and the Cities of Defiance and Bryan. The purpose of MAN is to act as a joint regional task force in the fight against narcotics. MAN is governed by a board consisting of the sheriffs and police chiefs of the respective counties and cities. The main source of revenue is grants received from the State. The financial records are maintained by MAN. The fiscal agent is Defiance County.

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 the construction on the Blanchard River. Revenues are generated by assessments and a state grant. The County did not contribute to the project during 1999. The Hancock County Auditor serves as fiscal agent for this project.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

West Central Partnership, Inc.

The West Central Partnership, Inc. (the Partnership) is a jointly governed organization among Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and raising money for such purpose and to expend, contribute, disburse, or otherwise handle and dispose of the same for such purpose. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The County was not required to make any contributions to the Partnership in 1999.

**Shared Risk Pool**

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc., is a jointly governed organization among fifty counties in Ohio. CORSA was formed as an Ohio nonprofit 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. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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. No county may have more than one representative on the board 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.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

**Insurance Purchasing Pool**

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group 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 participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

The financial statements of Putnam County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below.

Information in the notes to the General-Purpose Financial Statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

**B. Basis of Presentation - Fund Accounting**

The County and the Workshop use funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories of governmental, proprietary and fiduciary.

**1. Governmental Fund Types**

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the County's governmental fund types:

**General Fund** - The General Fund is used to account for all financial resources of the County 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.

**Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.



**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs.

**Capital Projects Funds** - The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**2. Proprietary Fund Type**

The Proprietary fund type is used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the County's proprietary fund type:

**Enterprise Funds** - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**3. Fiduciary Fund Types**

The Fiduciary fund types are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

**Expendable Trust Fund** - The Expendable Trust Fund is accounted for in essentially the same manner as governmental funds.

**Agency Funds** - The Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations. Agency Funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

**4. Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise funds.

**General Long-Term Obligations Account Group** - The general long-term obligations account group is used to account for all long-term debt of the County, except that accounted for in the enterprise funds.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**C. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and expendable trust funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, sales tax (see Note 7), grants, and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits, and fines and forfeitures, which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the enterprise funds and the Workshop. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unbilled service charges receivable are recognized as revenue at year end.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**D. Budgetary Data**

The budgetary process is prescribed by provisions of the Revised Code and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated.

Budgetary information for the Workshop is not reported because it is not included in the entity for which the "appropriated budget" is adopted, and does not itself maintain budgetary financial records.

The legal level of budgetary control is at the object level within each department. Although statutes require that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expenditure of the available funds.

Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and the departments do not adopt separate budgets. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the County Commissioners.

**1. Tax Budget**

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning fund balance and the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

**3. Appropriations**

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes the spending authority at the fund, program, department, and object

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**4. Budgeted Level of Expenditures**

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.).

**5. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**6. Lapsing of Appropriations**

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

**E. Cash And Investments**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to repurchase agreements and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and certificates of deposit are reported at cost.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

Following Ohio statutes and other legal provisions, the Commissioners have specified the funds to receive an allocation of interest earnings. The following funds were credited with more interest revenue than would have been received based upon their share of the County's cash fund balance during 1999:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Investments</u>	<u>Interest Assigned By Other Funds</u>
General	<u>\$721,062</u>	<u>\$90,569</u>	<u>\$630,493</u>

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash in Segregated Accounts" since they are not required to be deposited into the County treasury.

For purpose of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

**F. Materials And Supplies Inventory**

Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**G. Receivables**

Receivables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness and valuation, and in the case of receivables, collectibility.

Using these criteria, the County has elected to not record child support arrearage within the Special Revenue and agency fund types and Court receivables within the Agency fund type. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

**H. Prepaid Items**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**I. Property, Plant, Equipment and Depreciation**

The fixed asset values were initially determined at December 31, 1991 by assigning original acquisition costs when such information was available. In cases where supporting documentation was not available, the acquisition cost was estimated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized; however, improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost and depreciated, if applicable, over the remaining useful lives of the related fixed assets.

**General Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County.

**Enterprise Fund Fixed Assets**

Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Building Improvements	15 Years
Buildings	25 - 50 Years
Sewer and Water Mains	70 Years
Sewer and Water Systems	20 Years
Licensed Vehicles	5 Years
Machinery, Equipment, Furniture, and Fixtures	5 - 15 Years

**Workshop Fixed Assets**

Depreciation is computed on the straight line method with useful lives ranging from 5 to 15 years.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**Capitalization of Interest**

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. The amount of net interest expense capitalized for the year was \$11,249.

**J. Long-term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Bonds, capital leases and long-term loans are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

**K. Compensated Absences**

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
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**L. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements, shared revenues, and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Grants received for enterprise funds operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

**M. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with capital grants is expensed and closed to contributed capital at year end.

Because the County had not prepared financial statements in accordance with generally accepted accounting principles prior to 1991, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings.

**N. Reserves of Fund Equity**

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances outstanding, material and supply inventories, prepayments, long-term interfund obligations, available debt service fund equity, and loans receivable for community development block grant monies loaned to local businesses.

**O. Interfund Transactions**

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Nonrecurring and nonroutine permanent transfers of equity are reported as residual equity transfers.
3. Reimbursements from one fund to another (quasi-external transactions) are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Amounts outstanding at year-end are reported on the combined balance sheet as due to/from other funds.



**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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**(Continued)**

4. Short-term interfund loans are reported as interfund loans receivable or payable on the combined balance sheet.
5. Long-term interfund loans that will not be repaid within the next fiscal year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 5.

**P. Restricted Assets**

Restricted assets in the enterprise fund represent cash and cash equivalents set aside for future closure and post closure care costs of the County's landfill.

**Q. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**R. Statement of Cash Flows**

In September 1989, the Government Accounting Standards Board (GASB) issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The County has presented, in Exhibit 6, a statement of cash flows for its enterprise funds. For purposes of the statement of cash flows, the County considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase) and all investments in the County's cash management pool.

**S. Total Columns on General-Purpose Financial Statements**

Total Columns on the general-purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of the statement indicates that a component unit is included, two total columns are presented. The first is captioned "primary government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "reporting entity" and includes operations of the County's legally separate discretely presented component unit (see Note 2.A) The total column on statements which do not include the component unit have no additional caption.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Retained Earnings/fund Balance**

Retained earnings/fund balance at December 31, 1999 included the following individual fund deficits:

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

<u>Enterprise Funds</u>	<u>Deficit Retained Earnings/Fund Balance</u>
Waste Disposal	\$(3,180,414)
Landfill Closure and Post Closure	(608,826)
Putnam Water/Sewer	(12,008)
<u>Special Revenue Funds</u>	
Ditch Maintenance	(33,228)
Cops Universal Hiring Grant	(14,411)
Cops More Grant	(29,839)

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at December 31.

**B. Fund Reclassification**

In 1999, the County reclassified the Putnam County Emergency Medical Services Fund from a Special Revenue fund to an Enterprise fund based upon the nature of the fund and its revenue source.

The effect on fund equity as originally presented is as follows:

	Amount as previously reported at 12/31/98	Adjustment	Adjusted amount as of 1/1/99
<b>Special Revenue Funds:</b>			
Fund Balance	\$7,395,196	(\$5,862)	\$7,389,334
<b>Enterprise Funds:</b>			
Retained Earnings	(2,099,236)	5,862	(2,093,374)
Contributed Capital	1,404,314	239,059	1,643,373

In addition, this reclassification resulted in a reduction of \$1,191,374 in the amount of fixed assets reported in the General Fixed Asset Account Group as of December 31, 1998 for an adjusted balance of \$14,296,989 as of January 1, 1999.

**C. Agency Fund Accruals**

The following are material receivables in Agency Funds, which would be recognized on the combined balance sheet in other fund types:

Real and other taxes receivable	\$13,455,306
Special assessments receivable	94,670
Due from other governments	93,029
Accounts receivable	<u>174,193</u>
	<u>\$13,817,198</u>

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the County which are not considered active are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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, Government National Mortgage Association, and Student Loan Marketing 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division 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 exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand:**

At year end, the County had \$133,295 in undeposited cash on hand which is included on the Balance Sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

**Deposits:**

At year end, the carrying amount of the County's deposits was \$11,330,072 and the bank balance was \$11,813,261. Of the bank balance:

1. \$1,235,267 was covered by federal depository insurance; and
2. \$3,284,331 was collateralized with securities held by the County of by its agent in the County's name; and
3. \$7,293,663 was covering by pooled securities covering all public funds on deposit with the financial institution. These funds are considered uninsured and uncollateralized by the Governmental Accounting and Standards Board. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**Investments:**

The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County's name.

	Category 3	Reported Amount	Fair Value
Repurchase Agreements	<u>\$1,279,630</u>	<u>\$1,279,630</u>	<u>\$1,279,630</u>

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of cash and cash equivalents on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$12,541,541	
Investments of the Cash Management Pool:		
Repurchase Agreement	(1,279,630)	\$ 1,279,630
Total GASB Statement No. 3 Investments		\$ 1,279,630
Cash in segregated accounts	201,456	
Cash on hand	(133,295)	
GASB Statement No. 3	\$11,330,072	

The component unit, Brookhill Center Industries, had cash in the bank exceeding the \$100,000 FDIC insurance limited. The excess amount as of December 31, 1999 was \$114,831. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation.

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

	Due From Other Funds	Due To Other Funds
General Fund	\$30,721	\$ (6,685)
Special Revenue Funds:		
Auto License and Gas Tax	7,214	
Putnam Co. EMS		(1,016)
Community Corrections Grant		(54)
CSEA	_____	(451)
Total Special Revenue Funds	7,214	(1,521)
Enterprise Funds:		
Putnam Co. Emergency Medical	_____	(29,729)
Total Due From/Due To Other Funds	\$37,935	\$(37,935)

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

- B.** Interfund balances at December 31, 1999 consist of the following individual fund loans which are short term in nature (outstanding less than one year):

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General	\$158,281	
Special Revenue Funds:		
Cops Universal Hiring Grant		\$ (13,354)
Ditch Maintenance		(99,003)
Cops More Grant		(42,207)
Capital Projects Funds:		
Airport Construction	_____	(3,717)
Total Interfund Loans Receivable/Payable	<u>\$158,281</u>	<u>\$(158,281)</u>

- C.** Interfund balances at December 31, 1999 consist of the following individual fund loans which are long-term in nature (outstanding greater than one year):

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$303,425	
<u>Special Revenue Funds</u>		
MRDD	14,350	
Family Resource Grant		\$ (14,350)
Ditch Maintenance		(12,750)
<u>Enterprise Funds</u>		
Putnam Co. Water/Sewer	_____	(290,675)
Total Advances To/Advances From Other Funds	<u>\$317,775</u>	<u>\$(317,775)</u>

- D.** A reconciliation of the County's operating transfers for 1999 is as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(597,364)
Special Revenue Funds		
Ditch Maintenance	\$ 10,543	
CDBG	11,940	
Community Corrections Grant	10,938	_____
Total Special Revenue Funds	<u>33,421</u>	_____

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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**(Continued)**

Debt Service Fund	70,098	
Capital Projects Funds:		
Jail Renovation	<u>113,000</u>	_____
Total Capital Projects Funds	<u>113,000</u>	_____
Enterprise Funds:		
Landfill	121,046	
Emergency Medical Service Fund	260,000	
Putnam Water/Sewer District	<u>20,000</u>	<u>(20,201)</u>
Total Enterprise Funds	<u>401,046</u>	<u>(20,201)</u>
Total Transfers In/Transfers Out	<u>\$617,565</u>	<u>\$(617,565)</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value. Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25 percent of true value. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 1999 was \$6.98 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 1999 tax receipts were collected are as follows:

Real Property	\$347,566,790
Public Utility	34,058,010
Tangible Personal Property	<u>59,763,841</u>
Total Assessed Value	<u>\$441,388,641</u>

Real property taxes are payable annually or semi-annually. The first payment is due December 31, and the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by October 4. Due dates are normally extended an additional 45 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

“Real and Other Taxes” receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end.

Since the current levy is not intended to finance 1999 operations, the receivable is offset by a credit to “Deferred Revenue”. The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 1999 are shown as 1999 revenue; the remainder are shown as “Deferred Revenue”.

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County’s ability to force foreclosure of the properties on which the taxes are levied.

**NOTE 7 - PERMISSIVE SALES AND USE TAX**

In 1973, the County Commissioners by resolution imposed a 0.5 percent tax on all retail sales (except sales of motor vehicles) made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles; and in 1987 the County Commissioners imposed an additional 0.5 percent tax, bringing the total permissive sales tax to 1 percent. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Tax proceeds are split between the General Fund (95%) and the Capital Improvement Capital Projects Fund (5%). Permissive sales and use tax revenue totaled \$2,177,033 in 1999.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 1999, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Any underpayment of benefits due the public assistance and child support enforcement agency special revenue funds are not reflected on the financial statements. These amounts were not available at the time of the preparation of these statements. A summary of principal receivables (by fund) follows:

<u>Fund Description</u>	<u>Amount</u>
<u>General Fund</u>	
Real and Other Taxes	\$1,317,356
Permissive Sales Tax	312,043
Accounts	36,388
 <u>Special Revenue Funds</u>	
Real and Other Taxes	1,132,950
Due From Other Governments	254,466
Accounts	32,022
Special Assessments	105,824



**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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<u>Capital Projects Funds</u>	
Permissive Sales Tax	17,894
Due From Other Governments	16,117
<u>Enterprise Funds</u>	
Accounts	274,120

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise funds' and the Workshop's fixed assets at December 31, 1999 follows: The construction in progress is the construction of water and sewer mains, which is expected to be completed during the 2000 fiscal year.

	<u>Primary Government</u>	<u>Component Unit</u>
Land	\$482,669	
Land and Building Improvements	16,681	\$11,375
Buildings	2,638,083	
Sewer and Water Mains	2,051,890	
Licensed Vehicles	1,089,756	85,948
Machinery, Equipment, Furniture, and Fixtures	835,274	121,971
Construction in Progress	<u>97,702</u>	
Total	7,212,055	219,294
Less Accumulated Depreciation	<u>(2,639,951)</u>	<u>(131,114)</u>
 Net Fixed Assets	 <u>\$4,572,104</u>	 <u>\$88,180</u>

A summary of the changes in general fixed assets during 1999 follows:

	<u>Balance December 31, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 1999</u>
Land	\$1,136,422			\$1,136,422
Buildings	5,354,981	\$214,046	\$(7,666)	5,561,361
Improvements Other than Building	27,368	13,949		41,317
Licensed Vehicles	3,563,528	476,178	(165,713)	3,873,993
Machinery, Equipment and Fixtures	<u>4,214,690</u>	<u>336,977</u>	<u>(131,577)</u>	<u>4,420,090</u>
Total General Fixed Assets	<u>\$14,296,989</u>	<u>\$1,041,150</u>	<u>\$(304,956)</u>	<u>\$15,033,183</u>

**NOTE 10 - CHANGES IN CONTRIBUTED CAPITAL**

Changes in contributed capital for the year ended December 31, 1999 are summarized by source as follows:

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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**(Continued)**

Contributed capital, January 1, 1999 (Restated)	\$1,643,373
Contributed capital received from other funds	174,102
Add back of depreciation on fixed assets acquired by contributed capital	<u>(129,927)</u>
Contributed capital, December 31, 1999	<u>\$1,687,548</u>

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years the County has entered into capital lease agreements. Each lease meets the criteria of a capital lease as defined by Statement No. 13 of the Financial Accounting Standards Board, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Equipment and vehicles acquired by lease has been capitalized in the general fixed assets account group in the amounts of \$223,112, which equals the present value of the future minimum lease payments at the time of acquisition. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 1999 totaled \$39,491 in the General and Auto License and Gas Tax funds. Capital lease payments in governmental funds have been reclassified on the financial statements to reflect debt principal and interest retired. These payments are reported as program expenditures on the budgetary statement.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 1999.

<u>Year Ending December 31,</u>	<u>GLTOAG</u>
2000	\$48,709
2001	46,536
2002	39,136
2003	<u>13,863</u>
Total Future Minimum Lease Payments	148,244
Less: Amount Representing Interest	<u>(14,749)</u>
Present Value of Future Minimum Lease Payments	<u>\$133,495</u>

**NOTE 12 - LONG-TERM DEBT**

The changes in the County's long-term obligations for the year ended consist of the following:

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
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**(Continued)**

	<u>Interest</u> <u>Rate</u>	<u>Outstanding</u> <u>1/1/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/99</u>
<u>General Long-Term Obligations:</u>					
<u>General Obligation Long Term Notes:</u>					
Airport Hangar Cognovit	7.250%	\$10,000		\$2,500	\$7,500
<u>General Obligation Bonds:</u>					
Airport Improvement	7.625%	85,800		\$7,150	78,650
Energy Conservation Improvement	5.250%	188,073		22,876	165,197
Energy Conservation Improvement	5.650%	175,000		25,000	150,000
Human Services Building Acquisition	7.625%	142,200		11,850	130,350
Human Services Building Addition	6.625%	<u>176,471</u>		<u>14,706</u>	<u>161,765</u>
Total General Obligation Bonds		<u>767,544</u>		<u>81,582</u>	<u>685,962</u>
<u>Other Long-Term Obligations:</u>					
Capital Leases		172,986		39,491	133,495
Compensated Absences		<u>907,517</u>	<u>110,049</u>	<u>87,704</u>	<u>929,862</u>
Total Other Long-Term Obligations		<u>1,080,503</u>	<u>110,049</u>	<u>127,195</u>	<u>1,063,357</u>
Total General Long-Term Obligations		<u>1,858,047</u>	<u>110,049</u>	<u>211,277</u>	<u>1,756,819</u>
<u>Enterprise Funds:</u>					
<u>General Obligation Bonds:</u>					
Putnam Acres Renovation	4.900%	197,067		29,001	168,066
Putnam Acres Improvement	6.000%	840,000		70,000	770,000
Landfill Construction Bonds	4.900%	895,000		75,000	820,000
Sewer Improvement	4.950%		<u>270,000</u>	<u>8,952</u>	<u>261,048</u>
Total General Obligation Bonds		<u>1,932,067</u>	<u>270,000</u>	<u>182,953</u>	<u>2,019,114</u>
Total Long Term Obligations		<u>\$3,790,114</u>	<u>\$380,049</u>	<u>\$394,230</u>	<u>\$3,775,933</u>

The general obligation debt was issued for various construction projects. This debt, which is reflected in the general long-term obligations account group is to be financed through transfers from the general fund and rental income from the human services special revenue fund. The bonds reflected in the enterprise funds are funded by operating revenues from the Putnam Acres enterprise fund, the Landfill enterprise fund, and the Water and Sewer enterprise fund.

The Airport Hangar Cognovit Note is payable from the operating resources of the general fund. The notes have a fixed annual principal payments through the year 2002.

Capital leases will be funded by the general fund and the auto license and gas tax fund. The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 1999 are an overall debt margin of \$6,827,781 and an unvoted debt margin of \$1,706,951.

The following is a summary of the County's future annual debt service requirements for general long-term obligations:

<u>Year</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Principal on General Obligation Notes</u>	<u>Interest on General Obligation Notes</u>	<u>Total</u>
2000	\$82,798	\$43,133	\$2,500	\$460	\$128,891
2001	84,080	38,018	2,500	275	124,873
2002	85,430	32,833	2,500	91	120,854
2003	86,851	27,576			114,427
2004	88,349	22,244			110,593
2005 - 2009	224,748	50,755			275,503
2010 - 2014	<u>33,706</u>	<u>2,424</u>			<u>36,130</u>
Totals	<u>\$685,962</u>	<u>\$216,983</u>	<u>\$7,500</u>	<u>\$826</u>	<u>\$911,271</u>

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

<u>Year</u>	<u>Principal on General Obligation Bonds</u>	<u>Interest on General Obligation Bonds</u>	<u>Total</u>
2000	\$201,519	\$103,194	\$304,713
2001	203,579	93,021	296,600
2002	210,737	82,543	293,280
2003	218,005	71,638	289,643
2004	225,384	60,290	285,674
2005 - 2009	767,871	151,966	919,837
2010 - 2014	169,150	25,056	194,206
2015	<u>22,869</u>	<u>1,132</u>	<u>24,001</u>
Totals	<u>\$2,019,114</u>	<u>\$588,840</u>	<u>\$2,607,954</u>

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 13 - SPECIAL ASSESSMENT NOTE PAYABLE**

The County retired the following special assessment note during fiscal 1999:

<u>Special Revenue Fund</u>	<u>Issue Date</u>	<u>Balance 1/1/99</u>	<u>Retired During 1999</u>	<u>Balance 12/31/99</u>
7.90% Cranberry Creek Cleaning	12/28/98	<u>\$90,000</u>	<u>\$90,000</u>	<u>      </u>

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The County's eight enterprise funds account for the provision of elderly care, water, sewer services, airport operations, emergency medical operations and the Landfill operations. Segment information as of and for the year ended December 31, 1999, is as follows:

	<u>Putnam Water/Sewer</u>	<u>Putnam Acres</u>	<u>Waste Disposal</u>	<u>Sewer</u>
Operating Revenues	\$64,273	\$3,284,114	\$632,353	\$72,102
Operating Expenses				
Before Depreciation	32,701	3,123,451	963,845	54,734
Depreciation Expense	6,954	155,801	55,189	13,266
Operating Income (Loss)	24,618	4,862	(386,681)	4,102
Operating Transfers In	20,000			
Operating Transfers (Out)	(20,201)			
Net Income (Loss)	23,340	152,145	(391,245)	4,102
Fixed Assets:				
Acquisitions	401,264	24,681	6,258	
Deletions		7,567	70,387	
Net Working Capital	(146,744)	846,333	321,537	74,999
Total Assets	660,835	2,903,945	846,325	523,875
Long-Term Liabilities:				
General Obligation Bonds	261,048	938,066		
Closure and Postclosure Liability			3,956,875	
Compensated Absences		316,702	5,246	
Total Fund Equity	104,418	1,445,739	(3,140,750)	519,017
Encumbrances				
Outstanding at December 31, 1999 (Budget Basis)	85,556	54,992	7,469	39,992

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

	<u>Water</u>	<u>Landfill Closure</u>	<u>Airport</u>	<u>Emergency Medical</u>	<u>Total</u>
Operating Revenues	\$21,771		\$35,876	\$498,340	\$4,608,829
Operating Expenses					
Before Depreciation	16,874		17,531	436,989	4,646,125
Depreciation Expense	15,944		303	96,899	344,356
Operating Income (Loss)	(11,047)		18,042	(35,548)	(381,652)
Operating Transfers In		\$121,046		260,000	401,046
Operating Transfers (Out)					(20,201)
Net Income (Loss)	(11,047)	87,251	18,042	224,452	107,040
Fixed Assets:					
Acquisitions			1,515	101,279	534,997
Deletions				236,776	313,830
Net Working Capital	43,931	109,224	24,228	283,466	1,556,974
Total Assets	961,743	214,522	25,745	598,725	6,735,715
Long-Term Liabilities:					
General Obligation Bonds		820,000			2,019,114
Closure and Postclosure Liability					3,956,875
Compensated Absences					321,948
Total Fund Equity	960,528	(608,826)	25,440	525,575	(168,859)
Encumbrances					
Outstanding at December 31, 1999 (Budget Basis)	50		305	38,919	227,283

**NOTE 15 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 1999, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a \$2,500 deductible. Coverages provided by CORSA are as follows:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional	1,000,000
Public Official Errors and Omissions	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Ohio Stop Gap (Additional Workers' Comp.Coverage)	200,000
Building and Contents	33,384,081
Other Property Insurance:	
Extra Expense	1,000,000
Miscellaneous Floater	979,555
Valuable Papers and Records	1,000,000

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

Automobile Physical Damage	Actual Cash
Flood and Earthquake	1,000,000
Motor Truck Cargo	100,000
Comprehensive Boiler and Crime Insurance	50,000
Faithful Performance	250,000
Money and Securities	250,000
Food Stamp Coverage	250,000
Depositors Forgery	250,000
Money Orders and Counterfeit Paper Currency	250,000
Excess Liability	5,000,000

Settled claims have not exceeded coverage in any of the last three years and there has not been a significant reduction in coverage from the prior year.

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 1). The County pays all elected officials' bonds by statute. Medical Mutual of Ohio insured employee hospital/medical benefits for the year ended December 31, 1999.

For 1999, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 2). 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 participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

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

**NOTE 16 - DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All Putnam County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or 1-800-222-PERS(7377).

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The employer contribution rate was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations for 1999. The law enforcement employer rate was 16.70 percent of covered payroll and 12.50 percent was the portion used to fund pension obligations for 1999. Require employer contributions equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records. The County's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were \$1,149,535, \$1,070,225 and \$1,032,265 respectively; 83 percent has been contributed for 1999 and 100 percent for 1998 and 1997. \$310,980, representing the unpaid contribution for 1999, is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 1999, 1998, and 1997 were \$9,212, \$10,627, and \$12,472, respectively; 100 percent has been contributed for 1999, 1998 and 1997.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 1999 employer contribution rate for local employers was 13.55% of covered payroll and the rate for law enforcement employees was 16.70%; 4.2% was the portion that was used to fund health care for the year for regular employees, and 4.2% was used to fund health care for the year for law enforcement employees.



**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Statewide expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999, the unaudited estimated net assets available statewide for future OPEB payments were \$9.8 billion. The number of benefit recipients statewide eligible for OPEB at December 31, 1999 was 118,062. The County's actual contributions for 1999 which were used to fund postemployment benefits were \$243,997. Of this amount, \$221,192 was used to fund health care for the year for regular employees, while \$22,805 was used to fund health care for the year for law enforcement employees.

During 1998, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1999, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 1999, Comprehensive Annual Financial Report.

**B. State Teachers Retirement System**

The County provides comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS based on authority granted by State statute. The system is funded on a pay as you go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, current 14 percent of covered payroll, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$5,264 during 1998

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 million at June 30, 1999. For the fiscal year ended June 30, 1999, net health care cost paid by STRS were \$ 249.9 million and STRS had 95,796 eligible benefit recipients.

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis),

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance for governmental fund types (GAAP).
4. Cash activity of accounts which are held separately by the County and not budgeted for by the County, but are recorded on the GAAP basis.

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	\$(268,579)	\$(906,388)	\$(216)	\$(118,080)
Net Adjustment for Revenue Accruals	218,102	(605,943)	(20,201)	15,237
Net Adjustment for Expenditure Accruals	(130,889)	522,865		(33,987)
Net Adjustment for Other Financing Sources (Uses)	18,839	65	20,201	(3,717)
Budget Basis Encumbrances Outstanding at Year End	<u>121,497</u>	<u>445,562</u>	<u>          </u>	<u>159,407</u>
GAAP Basis	<u>\$ (41,030)</u>	<u>\$(543,839)</u>	<u>\$ (216)</u>	<u>\$ 18,860</u>

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

**NOTE 19 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County.

Accumulated, unused sick leave is paid, up to a maximum of 120 days, depending on length of service to employees who retire. As of December 31, 1999, the total liability for compensated absences was \$1,343,644 for the Primary Government. Of that amount, the liability for governmental funds was \$1,005,901; the current portion was \$76,039, and \$929,862 was reported in the General Long-Term Obligations Account Group. The total liability for the enterprise funds was \$337,743, of which \$15,795 was current, and the balance long-term.

**NOTE 20 - CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

**NOTE 21 - RELATED PARTY TRANSACTIONS**

During 1999 Putnam County provided facilities, certain equipment, transportation, and salaries for administration, implementation and supervision of programs to Brookhill Center Industries, Inc. Brookhill Center Industries, Inc., a discretely presented component unit of Putnam County, reported \$72,641 for such contributions. Brookhill Center Industries, Inc. recorded operation revenues and expenses at cost or fair value as applicable, to the extent the contribution is related to the vocational purpose of the Workshop.

**NOTE 22 - ESTIMATED CLOSURE AND POST CLOSURE LANDFILL CARE COSTS**

State and Federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,956,875 reported as landfill closure and postclosure care liability at December 31, 1999, represents the cumulative amount reported to date based on the use of 89.6 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$460,030 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 1999. Actual cost may be higher due to inflation, changes in technology, or changes in regulations

**PUTNAM COUNTY**  
**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care or to pass a financial accountability test. The County has passed the financial accountability test in 1999 in which the County has proven to be able to self-fund these future costs.

**PUTNAM COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments	Non-cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through the Ohio Department of Education</i>				
Mental Retardation and Developmental Disabilities Board				
Food Distribution Program	10.550	-		\$921
National School Lunch Program	10.555	-	\$707	
Total Department of Agriculture			707	921
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through the Ohio Department of Development</i>				
County Commissioners				
Community Development Block Grant	14.228	B-F-97-064-1	42,905	
Community Development Block Grant	14.228	B-F-98-064-1	122,900	
Community Development Block Grant	14.228	B-E-98-064-1	149,040	
Community Development Block Grant	14.228	B-D-98-064-1	400,000	
Total Community Development Block Grant			714,845	
Home Investment Partnership Program	14.239	C-96-064-1	17,511	
Home Investment Partnership Program	14.239	B-C-96-064-1	78,064	
Home Investment Partnership Program	14.239	B-C-96-064-2	66,527	
Total Home Investment Partnership Program			162,102	
Total Department of Housing and Urban Development			876,947	
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<i>Passed through the Ohio Office of Criminal Justice Services</i>				
Sheriff's Department				
Violence Against Women	16.588	96-WF-VA7-8111 0	16,531	
Bryne Formula Grant	16.579	97-LEB-3105 0	1,981	
Total Department of Justice			18,512	
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed through the Ohio Department of Public Safety, Office of the Governor's Highway Safety Representative</i>				
Sheriff's Department				
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	0823	19	

(Continued)

**PUTNAM COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments	Non-cash Disburse- ments
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				
<i>Passed through the Ohio Adjutant General's Department of Emergency Management</i>				
Emergency Management Agency Emergency Management Assistance	83.534	-	16,381	
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
<i>Passed through the Ohio Department of Education</i>				
Mental Retardation and Developmental Disabilities Board Special Education - Grants to States	84.027	066209-6B-SF-00P	2,922	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>				
Mental Retardation and Developmental Disabilities Board Medical Assistance Program	93.778	TCM	10,809	
Medical Assistance Program	93.778	CAFS	234,222	
Social Services Block Grant	93.667	MR-69-FY99	20,048	
Social Services Block Grant	93.667	MR-69-FY00	7,849	
<i>Passed through the Ohio Department of Human Services</i>				
Human Services Department Child Welfare Services	93.645	-	43,481	
Child Abuse and Neglect - State Grants	93.669 93.674	- -	1,970 5,509	
Children Services Department Family Prevention and Support Services	93.556	-	17,636	
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services</i>				
Alcohol, Drug Addiction, and Mental Health Services Board Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	128,234	
Medical Assistance Program	93.778	-	8,924	

(Continued)

**PUTNAM COUNTY**  
**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**  
**(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments	Non-cash Disburse- ments
<i>Passed through the Ohio Department of Mental Health</i>				
Alcohol, Drug Addiction, and Mental Health Services Board				
Block Grants for Community Mental Health Services	93.958	-	43,012	
Social Services Block Grant	93.667	-	21,923	
Medical Assistance Program	93.778	-	42,694	
Total Department of Health and Human Services			586,311	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$1,501,799</b>	<b>\$921</b>

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

**PUTNAM COUNTY  
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The County passes-through certain Federal assistance received from the Ohio Department of Alcohol and Drug Addiction Services, and the Ohio Department of Mental Health, to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE C - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At December 31, 1999, the County had no significant food commodities in inventory.

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). There was one such initial loan made during 1999. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by machinery and equipment and by land and buildings. At December 31, 1999, the gross amount of loans outstanding under this program were \$819,550. There were no delinquent amounts due at December 31, 1999.

**NOTE E - MATCHING REQUIREMENTS**

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





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1996

To the Board of Commissioners:

We have audited the financial statements of Putnam County, (the County) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 14, 2000, in which we disclosed that the County reclassified the Emergency Medical Services Fund, and noted that our opinion on the Brookhill Workshop was based solely on the report of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Brookhill Workshop Component Unit were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the County in a separate letter dated June 14, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated June 14, 2000.

This report is intended for the information and use of management, the Board of County Commissioners, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 14, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Putnam County  
245 East Main Street  
Ottawa, Ohio 45875-1996

To the Board of Commissioners:

**Compliance**

We have audited the compliance of Putnam County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

**Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as items 1999-60269-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information and use of management, the Board of County Commissioners, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

June 14, 2000

**PUTNAM COUNTY  
SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 1998**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions 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>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant CFDA # 14.228 Home Investment Partnership Program CFDA #14.239
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	1999-60269-001
<b>CFDA Title and Number</b>	Home Investment Partnership Program, CFDA #14.239
<b>Federal Award Number / Year</b>	C-96-064-1/FYE 1/31/99 B-C-96-064-1 / FYE 1/31/99 B-C-96-064-2 / FYE 1/31/99
<b>Federal Agency</b>	United States Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Ohio Department of Development

**Internal Controls - Reportable Conditions**

Monitoring Review Violations

A number of monitoring visits were performed by the Office of Housing and Community Partnerships for the following, recently completed, Community Housing Investment Programs: (B-C-96-064-1, B-C-96-064-2 and C-96-064-1). When reviewing these reports it was noted that a number of serious financial and grant management findings were issued. Along with these violations the County failed to adequately complete a corrective action plan on a previously performed monitoring review, and failed to complete the final performance reports by the required date.

Failure to comply with the guidelines as set within the grant agreement may result in the improper use of grant funds. Failing to meet filing deadlines may require further progressive action by the Office of Housing and Community Partnerships (OHCP). Such action may include a hold on the distribution of OHCP funds and will effect the County's past performance score for future applications for CHIP funding.

For future participation in these programs, it is recommended the County develop stricter policies and procedures to avoid issues such as deviation from approved program designs and funding allocations to ensure proper grant implementation. We recommend the Commissioners or an appointed official review CHIP programs to assure compliance with the grant agreement for future CHIP grant awards.

**PUTNAM COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**OMB CIRCULAR A -133 § .315 (b)**  
**DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
1998-60269-001	ORC § 135.37 Inadequate securities pledged as collateral for County bank deposits.	Yes	
1998-60269-002	Telecommunications system not Year 2000 compliant.		No longer valid - No problems noted with telecommunications in 2000.
1998-60269-003	Lack of contingency plan for Year 2000 problems		No longer valid - No problems noted with Year 2000.
1998-60269-004	Interest on Certificates of Deposit earned but not recorded on books.	Yes	
1998-60269-005	24 CFR 58.34 (12)(b) Failure to document exemption from environmental review.	Yes	
1998-60269-006	Significant deficiencies in complying with grant agreements found in monitoring review by Ohio Department of Development.	No	There were similar deficiencies found in monitoring reviews performed during 1999.







STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**PUTNAM COUNTY FINANCIAL CONDITION**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 13, 2000**