



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

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**STATE OF OHIO**



**PUTNAM COUNTY**  
**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet – All Fund Types, Account Groups and Discretely Presented Component Unit .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund .....	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types .....	10
Statement of Revenues, Expenses and Changes in Fund Equity – Proprietary Fund Type – Primary Government .....	14
Statement of Activities – Discretely Presented Component Unit .....	15
Statement of Cash Flows – Discretely Presented Component Unit .....	16
Statement of Cash Flows – Proprietary Fund Type – Primary Government .....	18
Notes to the Financial Statements .....	19
Schedule of Federal Awards Expenditures .....	51
Notes to the Schedule of Federal Awards Expenditures .....	53
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	55
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 .....	57
Schedule of Findings .....	59
Schedule of Prior Audit Findings .....	61

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Putnam County (the County) as of and for the year ended December 31, 2000, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 other auditors 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, 2000, and the results of its operations and cash flows of its proprietary fund type and discretely presented component unit for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

**Jim Petro**  
Auditor of State

June 13, 2001

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**PUTNAM COUNTY**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT**  
**DECEMBER 31, 2000**

	<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	\$1,874,168	\$5,219,184	\$5,106	\$2,837,572
Cash in segregated accounts	17,510	600		
Receivables (net of allowances for uncollectibles):				
Taxes	1,771,347	1,184,449		20,783
Accounts	59,551	61,756		
Accrued interest	32,531			
Loans		799,173		
Special assessments		34,657		218,633
Interfund loans	27,157			
Advances to other funds	314,965			
Due from other funds	749	4,189		47,552
Due from other governments	8,344	278,162		
Prepayments	92,531	37,318		
Materials and supplies inventory	63,927	327,979		
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>\$4,262,780</u></b>	<b><u>\$7,947,467</u></b>	<b><u>\$5,106</u></b>	<b><u>\$3,124,540</u></b>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
Enterprise	Trust and Agency					
\$2,698,488	\$2,478,527			\$15,113,045		\$15,113,045
1,281	367,726			387,117	\$600,987	988,104
				2,976,579		2,976,579
364,143				485,450	43,511	528,961
				32,531		32,531
				799,173		799,173
11,472				264,762		264,762
				27,157		27,157
				314,965		314,965
1,326				53,816		53,816
				286,506		286,506
23,165				153,014	1,671	154,685
11,356				403,262	14,245	417,507
100,000				100,000		100,000
4,269,401		\$15,989,672		20,259,073	73,164	20,332,237
					1,833	1,833
			\$5,106	5,106		5,106
			1,961,585	1,961,585		1,961,585
<b>\$7,480,632</b>	<b>\$2,846,253</b>	<b>\$15,989,672</b>	<b>\$1,966,691</b>	<b>\$43,623,141</b>	<b>\$735,411</b>	<b>\$44,358,552</b>

(Continued)

**PUTNAM COUNTY**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES, ACCOUNT GROUPS, AND DISCRETELY PRESENTED COMPONENT UNIT**  
**DECEMBER 31, 2000**  
**(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable	\$70,625	\$171,535		\$1,300
Contracts payable	3,112	212,543		145,342
Accrued wages and benefits	86,445	127,418		
Compensated absences payable	14,414	34,685		
Interfund loans payable		27,157		
Advances from other funds		24,290		
Deferred revenue	1,376,465	1,218,788		218,633
Due to other funds	4,021	44,217		
Due to other governments	42,955	16,366		
Deposits held and due to others	17,510	600		
Pension obligation payable	66,948	81,802		
Estimated landfill closure costs				
Accrued interest payable				
Matured bonds payable				
General obligation bonds payable				
General obligation notes payable				
Capital lease obligation payable				
Claims and judgements payable				
Bond anticipation notes payable				2,015,000
Special assessments notes payable				
	<u>1,682,495</u>	<u>1,959,401</u>	<u>5,106</u>	<u>2,380,275</u>
<b>Total liabilities</b>				
<b>Equity and other credits:</b>				
Contributed capital				
Investment in general fixed assets				
Accumulated deficit				
Fund balances:				
Reserved for encumbrances	23,826	173,808		180,209
Reserved for materials and supplies inventory	63,927	327,979		
Reserved for loans		799,173		
Reserved for advances	314,965			
Reserved for prepayments	92,531	37,318		
Reserved for debt service			\$5,106	
Unreserved-undesignated	2,085,036	4,649,788		564,056
Net Assets				
	<u>2,580,285</u>	<u>5,988,066</u>	<u>5,106</u>	<u>744,265</u>
<b>Total equity and other credits</b>				
<b>Total liabilities, equity and other credits</b>	<u><b>\$4,262,780</b></u>	<u><b>\$7,947,467</b></u>	<u><b>\$5,106</b></u>	<u><b>\$3,124,540</b></u>

*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)		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	Primary Government	Component Unit	Reporting Entity
Enterprise	Trust and Agency					
\$135,371				\$378,831	\$19,229	\$398,060
52,841				413,838		413,838
107,790				321,653	5,384	327,037
299,848			\$961,773	1,310,720		1,310,720
				27,157		27,157
290,675				314,965		314,965
11,368				2,825,254		2,825,254
5,414	\$164			53,816		53,816
7,513	2,473,765			2,540,599	2,348	2,542,947
1,281	367,726			387,117		387,117
45,571				194,321		194,321
3,151,491				3,151,491		3,151,491
54,135				54,135		54,135
70,000				70,000		70,000
1,817,595			598,827	2,416,422		2,416,422
			193,487	193,487		193,487
			119,093	119,093		119,093
	265			265		265
				2,015,000		2,015,000
			93,511	93,511		93,511
6,050,893	2,841,920		1,966,691	16,881,675	26,961	16,908,636
1,745,819				1,745,819		1,745,819
(316,080)		\$15,989,672		15,989,672		15,989,672
				(316,080)		(316,080)
				377,843		377,843
				391,906		391,906
				799,173		799,173
				314,965		314,965
				129,849		129,849
				5,106		5,106
	4,333			7,303,213		7,303,213
					708,450	708,450
1,429,739	4,333	15,989,672		26,741,466	708,450	27,449,916
<b>\$7,480,632</b>	<b>\$2,846,253</b>	<b>\$15,989,672</b>	<b>\$1,966,691</b>	<b>\$43,623,141</b>	<b>\$735,411</b>	<b>\$44,358,552</b>

**PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Property and other taxes	\$1,221,189	\$1,137,848
Sales taxes	2,282,353	
Charges for services	930,798	575,909
Licenses and permits	2,380	55,124
Fines and forfeitures	437,628	37,066
Special assessments		526,972
Intergovernmental	768,504	9,003,558
Investment income	871,816	45,481
Rental income	43,967	
Other	292,154	649,398
	<u>6,850,789</u>	<u>12,031,356</u>
<b>Expenditures:</b>		
Current:		
General government:		
Legislative and executive	2,250,584	408,890
Judicial	808,664	117,276
Public safety	2,303,252	569,769
Public works	52,976	3,527,726
Health	42,945	3,680,538
Human services	322,776	3,362,459
Conservation and recreation	125,280	
Economic development and assistance	25,500	760,497
Transportation	40,901	
Other	293,792	
Capital outlay		526,602
Debt service:		
Principal retirement	55,408	56,021
Interest and fiscal charges	16,677	9,390
	<u>6,338,755</u>	<u>13,019,168</u>
Excess (deficiency) of revenues over (under) expenditures	<u>512,034</u>	<u>(987,812)</u>
<b>Other financing sources (uses):</b>		
Proceeds of notes	235,000	93,511
Proceeds from capital lease transaction		30,612
Proceeds from sale of fixed assets	5,990	
Operating transfers in	164	15,386
Operating transfers out	(483,238)	(1,946)
	<u>(242,084)</u>	<u>137,563</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>269,950</u>	<u>(850,249)</u>
Fund balance, January 1 (Restated)	2,297,770	6,841,381
Increase/(Decrease) in reserve for inventory	12,565	(3,066)
<b>Fund balances, December 31</b>	<b><u>\$2,580,285</u></b>	<b><u>\$5,988,066</u></b>

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
	\$118,652		\$2,359,037
			2,401,005
			1,506,707
			57,504
			474,694
	142,098		526,972
			9,914,160
			917,297
\$67,562			111,529
	57,132	\$2,470	1,001,154
<u>67,562</u>	<u>317,882</u>	<u>2,470</u>	<u>19,270,059</u>
			2,659,474
			925,940
	132,822		2,873,021
			3,713,524
			3,723,483
			3,685,235
			125,280
			785,997
			40,901
		1,046	294,838
	563,176		1,089,778
126,742			238,171
34,998	7,501		68,566
<u>161,740</u>	<u>703,499</u>	<u>1,046</u>	<u>20,224,208</u>
<u>(94,178)</u>	<u>(385,617)</u>	<u>1,424</u>	<u>(954,149)</u>
74,923	44,023		447,457
			30,612
			5,990
18,721	304,872		339,143
		(164)	(485,348)
<u>93,644</u>	<u>348,895</u>	<u>(164)</u>	<u>337,854</u>
(534)	(36,722)	1,260	(616,295)
5,640	780,987	3,073	9,928,851
			9,499
<u>\$5,106</u>	<u>\$744,265</u>	<u>\$4,333</u>	<u>\$9,322,055</u>

**PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>General</b>		<b>Variance: Favorable (Unfavorable)</b>
	<b>Revised Budget</b>	<b>Actual</b>	
<b>Revenues:</b>			
Property taxes	\$1,309,152	\$1,221,189	(\$87,963)
Sales taxes	2,100,000	2,199,514	99,514
Charges for services	965,227	933,167	(32,060)
Licenses and permits	3,040	2,380	(660)
Fines and forfeitures	35,853	28,769	(7,084)
Intergovernmental	700,484	764,920	64,436
Special assessments			
Investment income	525,000	840,878	315,878
Rental income	25,000	42,584	17,584
Other	218,650	298,189	79,539
<b>Total revenues</b>	<b>5,882,406</b>	<b>6,331,590</b>	<b>449,184</b>
<b>Expenditures:</b>			
Current:			
General government:			
Legislative and executive	2,746,461	2,446,658	299,803
Judicial	909,820	840,710	69,110
Public safety	2,032,903	1,967,747	65,156
Public works	56,214	49,047	7,167
Health	43,295	43,047	248
Human services	364,160	326,854	37,306
Conservation & Recreation	125,280	125,280	
Economic development and assistance	25,500	25,500	
Transportation	46,642	40,993	5,649
Other	414,481	277,732	136,749
Intergovernmental	1,976		1,976
Capital outlay			
Debt service:			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<b>6,766,732</b>	<b>6,143,568</b>	<b>623,164</b>
Excess (deficiency) of revenues over (under) expenditures	(884,326)	188,022	1,072,348
<b>Other financing sources (uses):</b>			
Proceeds from sale of fixed assets	5,200	5,990	790
Proceeds of notes		235,000	235,000
Advances in and not repaid		249,458	249,458
Advances (out) and not repaid	(129,874)	(129,874)	
Operating transfers in		1,518	1,518
Operating transfers (out)	(483,238)	(483,238)	
<b>Total other financing sources (uses)</b>	<b>(607,912)</b>	<b>(121,146)</b>	<b>486,766</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(1,492,238)	66,876	1,559,114
Fund balances, January 1	1,574,234	1,574,234	
Prior year encumbrances appropriated	121,497	121,497	
<b>Fund balances, December 31</b>	<b>\$203,493</b>	<b>\$1,762,607</b>	<b>\$1,559,114</b>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,146,428	\$1,137,849	(\$8,579)			
716,903	578,219	(138,684)			
54,000	52,624	(1,376)			
75,230	44,467	(30,763)			
9,206,040	8,940,349	(265,691)			
568,995	526,823	(42,172)			
41,300	45,481	4,181			
			\$67,991	\$67,562	(\$429)
<u>1,980,742</u>	<u>778,302</u>	<u>(1,202,440)</u>			
<u>13,789,638</u>	<u>12,104,114</u>	<u>(1,685,524)</u>	<u>67,991</u>	<u>67,562</u>	<u>(429)</u>
564,339	463,883	100,456			
197,146	118,137	79,009			
572,258	640,741	(68,483)			
3,954,517	3,761,090	193,427			
4,229,986	3,720,358	509,628			
4,765,186	3,413,876	1,351,310			
1,269,471	938,486	330,985			
547,639	499,162	48,477			
			130,042	126,742	3,300
			<u>34,998</u>	<u>34,998</u>	
<u>16,100,542</u>	<u>13,555,733</u>	<u>2,544,809</u>	<u>165,040</u>	<u>161,740</u>	<u>3,300</u>
<u>(2,310,904)</u>	<u>(1,451,619)</u>	<u>859,285</u>	<u>(97,049)</u>	<u>(94,178)</u>	<u>2,871</u>
93,511	93,511		93,644	74,923	(18,721)
153,628	111,393	(42,235)			
(170,197)	(170,197)				
2	15,976	15,974		18,721	18,721
(2,536)	(2,536)				
<u>74,408</u>	<u>48,147</u>	<u>(26,261)</u>	<u>93,644</u>	<u>93,644</u>	
(2,236,496)	(1,403,472)	833,024	(3,405)	(534)	2,871
5,776,980	5,776,980		5,640	5,640	
445,562	445,562				
<u><b>\$3,986,046</b></u>	<u><b>\$4,819,070</b></u>	<u><b>\$833,024</b></u>	<u><b>\$2,235</b></u>	<u><b>\$5,106</b></u>	<u><b>\$2,871</b></u>

(Continued)

PUTNAM COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	<b>Capital Projects</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property taxes			
Sales taxes	\$100,000	\$115,764	\$15,764
Charges for services			
Licenses and permits			
Fines and forfeitures			
Intergovernmental	89,300	158,215	68,915
Special assessments			
Investment income			
Rental income			
Other	70,435	9,579	(60,856)
Total revenues	259,735	283,558	23,823
<b>Expenditures:</b>			
Current:			
General government:			
Legislative and executive			
Judicial			
Public safety			
Public works			
Health			
Human services			
Conservation & Recreation			
Economic development and assistance			
Transportation			
Other			
Intergovernmental			
Capital outlay	743,403	916,331	(172,928)
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	743,403	916,331	(172,928)
Excess (deficiency) of revenues over (under) expenditures	(483,668)	(632,773)	(149,105)
<b>Other financing sources (uses):</b>			
Proceeds from sale of fixed assets			
Proceeds of notes	293,893	2,082,023	1,788,130
Advances in and not repaid			
Advances (out) and not repaid	(3,717)	(3,717)	
Operating transfers in		304,872	304,872
Operating transfers (out)			
Total other financing sources (uses)	290,176	2,383,178	2,093,002
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(193,492)	1,750,405	1,943,897
Fund balances, January 1	625,273	625,273	
Prior year encumbrances appropriated	159,407	159,407	
<b>Fund balances, December 31</b>	<b>\$591,188</b>	<b>\$2,535,085</b>	<b>\$1,943,897</b>

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



**Total (Memorandum Only)**

<b>Revised Budget</b>	<b>Actual</b>	<b>Variance: Favorable (Unfavorable)</b>
\$2,455,580	\$2,359,038	(\$96,542)
2,200,000	2,315,278	115,278
1,682,130	1,511,386	(170,744)
57,040	55,004	(2,036)
111,083	73,236	(37,847)
9,995,824	9,863,484	(132,340)
568,995	526,823	(42,172)
566,300	886,359	320,059
92,991	110,146	17,155
<u>2,269,827</u>	<u>1,086,070</u>	<u>(1,183,757)</u>
<u>19,999,770</u>	<u>18,786,824</u>	<u>(1,212,946)</u>
3,310,800	2,910,541	400,259
1,106,966	958,847	148,119
2,605,161	2,608,488	(3,327)
4,010,731	3,810,137	200,594
4,273,281	3,763,405	509,876
5,129,346	3,740,730	1,388,616
125,280	125,280	
1,294,971	963,986	330,985
46,642	40,993	5,649
414,481	277,732	136,749
1,976		1,976
1,291,042	1,415,493	(124,451)
130,042	126,742	3,300
34,998	34,998	
<u>23,775,717</u>	<u>20,777,372</u>	<u>2,998,345</u>
<u>(3,775,947)</u>	<u>(1,990,548)</u>	<u>1,785,399</u>
5,200	5,990	790
481,048	2,485,457	2,004,409
153,628	360,851	207,223
(303,788)	(303,788)	
2	341,087	341,085
<u>(485,774)</u>	<u>(485,774)</u>	
<u>(149,684)</u>	<u>2,403,823</u>	<u>2,553,507</u>
(3,925,631)	413,275	4,338,906
7,982,127	7,982,127	
726,466	726,466	
<u><b>\$4,782,962</b></u>	<u><b>\$9,121,868</b></u>	<u><b>\$4,338,906</b></u>

**PUTNAM COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
 PROPRIETARY FUND TYPE - PRIMARY GOVERNMENT  
 FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating revenues:</b>	
Charges for services	\$4,707,421
Tap-in fees	23,368
Special assessments	104
Other operating revenues	25,610
Total operating revenues	4,756,503
<b>Operating expenses:</b>	
Personal services	2,675,664
Contractual services	813,230
Materials and supplies	272,772
Depreciation	363,853
Landfill closure and post-closure costs	22,460
Utilities	2,540
Other operating expense	272,802
Total operating expenses	4,423,321
Operating income	333,182
<b>Nonoperating revenues (expenses):</b>	
Loss on sale of fixed assets	(147,182)
Interest expense and fiscal charges	(102,216)
Investment earnings	6,688
Intergovernmental	105,361
Change in Landfill Post Closure Estimate	805,384
Other nonoperating revenue	402,857
Other nonoperating expenses	(20,425)
Total nonoperating revenues	1,050,467
Net income before operating transfers	1,383,649
Operating transfers in	146,205
Net income	1,529,854
Addback of depreciation on assets acquired from contributed capital	141,725
Accumulated Deficit, January 1 (Restated)	(1,987,659)
Accumulated Deficit, December 31	(316,080)
Contributed capital at January 1 (Restated)	1,873,867
Contributions received during the year from other funds	13,677
Depreciation on fixed assets acquired by contributed capital	(141,725)
Contributed capital at December 31	1,745,819
<b>Total fund equity at December 31</b>	<b>\$1,429,739</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, 2000**

	<u>Component Unit</u>
<b>Revenue:</b>	
Contracts and Sale of Products	\$721,735
Cost of Goods Sold	<u>522,652</u>
Gross Profit	<u>199,083</u>
<b>Expenses:</b>	
Client Transportation	22,385
Client Training and Activities	7,440
Office Supplies and Postage	4,933
Trash	3,185
Vehicle Expense	5,263
Repairs and Maintenance	8,098
Payroll Taxes	21,790
Workers Compensation	5,326
Accounting and Legal	2,475
Bad Debt Expense	5,872
Outside Services	5,331
Depreciation and Amortization	21,959
Dues	1,260
Miscellaneous	4,808
Bank Charges	1,820
Employee Benefits	7,669
Labor - RSC and WIA	<u>25,789</u>
Total Expenses	<u>155,403</u>
Increase in Net Assets Before Other Income/Expense	<u>43,680</u>
Other Income	181,227
Other Expense:	
Overhead Expenses - Donated	<u>(90,936)</u>
Increase in Net Assets	133,971
Net Assets at January 1	<u>574,479</u>
<b>Net Assets at December 31</b>	<b><u><u>\$708,450</u></u></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, 2000**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$4,645,988
Cash received from other operations	19,062
Cash payments for personal services	(2,735,873)
Cash payments for contract services	(758,439)
Cash payments for materials and supplies	(268,318)
Cash payments for landfill closure	(19,379)
Cash payments for utilities	(2,733)
Cash payments for other expenses	(251,322)
Net cash provided by operating activities	628,986
<b>Cash flows from noncapital financing activities:</b>	
Cash received from nonoperating activities	508,217
Cash payments for nonoperating activities	(20,425)
Transfers in from other funds	146,205
Net cash provided by noncapital financing activities	633,997
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(139,588)
Principal retirement	(131,519)
Interest paid	(56,994)
Net cash used in capital and related financing activities	(328,101)
<b>Cash flows from investing activities:</b>	
Interest received	6,688
Net increase in cash and cash equivalents	941,570
Cash and cash equivalents at January 1	1,856,918
<b>Cash and cash equivalents at December 31</b>	<b>\$2,798,488</b>

(Continued)

**PUTNAM COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE - PRIMARY GOVERNMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**  
**(Continued)**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$333,182
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	363,853
Changes in assets and liabilities:	
Increase in materials and supplies inventory	(1,763)
Increase in accounts receivable	(90,023)
Increase in special assessments receivable	(11,472)
Increase in prepayments	(869)
Increase in due from other governments	(696)
Increase in due from other funds	(630)
Increase in accounts payable	74,294
Increase in accrued wages and benefits	11,871
Decrease in compensated absences payable	(37,895)
Increase in due to other governments	1,107
Decrease in due to other funds	(24,315)
Increase in deferred revenue	11,368
Decrease in pension obligation payable	(34,862)
Increase in contracts payable	35,836
<b>Net cash provided by operating activities</b>	<b>\$628,986</b>

During 2000, the Emergency Management Agency Special Revenue fund purchased fixed assets, in the amount of \$13,677, and donated them to the Emergency Medical Services Enterprise fund.

*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, 2000**

	<u>Component Unit</u>
<b>Cash flows from operating activities:</b>	
Change in Net Assets	\$133,971
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Depreciation	21,959
Increase in accounts receivable	20,436
Decrease in inventories	738
Decrease in prepaid expenses	(340)
Increase in accounts payable	15,365
Decrease in accrued payroll	(1,156)
Increase in accrued payroll taxes	538
	<hr/>
Total adjustments	57,540
	<hr/>
Net cash provided by operating activities	191,511
	<hr/>
<b>Cash flows from investing activities:</b>	
Purchases of equipment	(5,943)
	<hr/>
Net increase in cash and cash equivalents	185,568
Cash and cash equivalents at January 1	415,419
	<hr/>
<b>Cash and cash equivalents at December 31</b>	<b><u><u>\$600,987</u></u></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, 2000**

**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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The County's reporting entity has been defined in accordance with the Governmental Accounting Standards Board (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 a discretely presented component unit. The workshop is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Putnam County Board of Mental

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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 provided 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  
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 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 construction on the Blanchard River. Revenues are generated by assessments and a state grant. The County did not contribute to the project during 2000. 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, 2000  
(Continued)**

West Central Partnership, Inc.

The West Central Partnership, Inc. (the Partnership) is a jointly governed organization among Allen, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The Partnership was formed to administer local loan programs in these counties for the State of Ohio Department of Development using 166 funds and raising money for such purpose and to expend, contribute, disburse, or otherwise handle and dispose of the same for such purpose. The Board of Trustees consists of nine members, including a County Commissioner from each of the member counties and the Director of Region 3, West Central SBDC Partnership. The County was not required to make any contributions to the Partnership in 2000.

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 members are representatives of the participants. These five

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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.

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, 2000  
(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).

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.

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.

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, 2000  
(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, 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, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 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, 2000  
(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.

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.

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 2000.

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 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.

PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

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.

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.).

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.

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 2000, 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.

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 2000:

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Investments</u>	<u>Interest Assigned by Other Funds</u>
General	\$871,816	\$118,852	\$752,964
Special Revenue Funds:			
CDBG	45,430	3,909	41,521

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

PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

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:

Asset	Life
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.

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. There was no net interest expense capitalized for the year 2000.



PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

**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 GASB Statement No. 16, 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.

**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

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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.
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. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts

PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. 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 accounting principles generally accepted in the United States of America. 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.

**3. ACCOUNTABILITY AND COMPLIANCE**

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

Retained earnings/fund balance at December 31, 2000 included the following individual fund deficits:

<u>Deficit Retained Earnings/Fund Balance</u>	
<u>Enterprise Funds</u>	
Waste Disposal	\$(2,421,911)
Landfill	(511,649)
Water and Sewer	(129,552)
<u>Special Revenue Fund</u>	
LLEBG	(2,377)
Cops Universal Hiring Grant	(2,575)
<u>Capital Projects Fund</u>	
Sewer District #1 - Ottoville	(10,258)
Various County Capital Projects	(393,170)

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

**B. Statutory Noncompliance**

The Various County Notes Capital Project Fund had \$189,487 in outstanding purchase commitments that were not certified as of December 31, 2000. When these commitments were adjusted to the financial statements this caused expenditures to exceed appropriations in that fund by the same amount.

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**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	\$14,138,357
Special assessments receivable	97,596
Due from other governments	112,244
Accounts receivable	<u>153,798</u>
	<u>\$14,501,995</u>

**D. Prior Period Adjustments**

- i. The County has presented a restatement of the General Long-Term Obligations Account Group and the General Fixed Assets Account Group to properly reflect the respective present values of capitalized leases in each account group at January 1, 2000. The effect of each restatement is as follows:

	Balances as Previously Reported <u>December 31, 1999</u>	<u>Adjustment</u>	<u>Restated Balances January 1, 2000</u>
General Long-Term Obligations Account Group	\$1,756,819	\$12,986	\$1,769,805
General Fixed Assets Account Group	15,033,183	39,000	15,072,183

- ii. The County has presented a restatement of fund equity in the Special Revenue Funds to correct an error in the amount of loans receivable, as originally presented December 31, 1999. The effect of this restatement is as follows:

	Balances as Previously Reported <u>December 31, 1999</u>	<u>Adjustment</u>	<u>Restated Balances January 1, 2000</u>
<u>Special Revenue Funds</u>			
Loans Receivable	\$819,550	\$1,406	\$820,956
Fund Equity	6,839,975	1,406	6,841,381

- iii. The County has presented a restatement of fixed assets, accumulated depreciation, contributed capital, retained earnings, and total fund equity, as previously reported in the Enterprise funds at December 31, 1999. This adjustment has been made due to the misclassification of certain contributed assets. The effect of this restatement is as follows:

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	<u>Balances as Previously Reported December 31, 1999</u>	<u>Adjustment</u>	<u>Restated Balances January 1, 2000</u>
<u>Enterprise Funds</u>			
Fixed assets	\$7,212,055	\$76,532	\$7,288,587
Accumulated depreciation	(2,639,951)	(21,465)	(2,661,416)
Contributed capital	1,687,548	186,319	1,873,867
Retained earnings (accumulated deficit)	(1,856,407)	(131,252)	(1,987,659)
Total fund equity	(168,859)	55,067	(113,792)

**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;

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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.

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 in Segregated Accounts - At year end, \$387,117 was on deposit in segregated accounts used by various County departments, and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

Cash on Hand - At year-end, the County had \$109,944 in undeposited cash on hand (\$109,054 cash on hand with the County Treasurer and \$890 cash on hand with departments), which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

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 \$11,932,212 and the bank balance was \$12,799,019. Of the bank balance:

1. \$1,227,087 was covered by federal depository insurance; and
2. \$11,571,932 was uninsured and uncollateralized. 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.

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

*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.

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase Agreements	<u>\$3,558,006</u>	<u>\$3,558,006</u>	<u>\$3,558,006</u>
Total Investments	<u>\$3,558,006</u>	<u>\$3,558,006</u>	<u>\$3,558,006</u>

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 and investments on the combined balance sheet per GASB Statement No. 9, and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$15,113,045	\$ 100,000
Combined Balance Sheet Reclassifications:		
Repurchase Agreement	(3,558,006)	3,558,006
Certificates of Deposit	100,000	<u>(100,000)</u>
Total GASB Statement No. 3 Investments		<u>\$3,558,006</u>
Cash on hand	(109,944)	
Cash in segregated accounts	<u>387,117</u>	
Total Carrying Amount of Deposits		
Per GASB Statement No. 3	<u>\$11,932,212</u>	

The Brookhill Industries component unit, had cash in the bank exceeding the \$100,000 FDIC insurance limit. There are no statutory requirements regarding the deposit and investment of cash by the not-for-profit corporation, nor is classification of deposits and investments required under its basis of accounting.

**5. INTERFUND TRANSACTIONS**

A. Quasi-external transactions (reimbursements) at December 31, 2000 consist of the following individual fund receivables and payables:

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$749	\$(4,021)
Special Revenue Funds:		
Auto License and Gas Tax	4,189	
Children Services		(3,821)
Dog and Kennel		(2,264)
Job and Family Services		(12,690)
Brookhill		(20,310)
Dretac		(101)
Mental Health		(4,451)
CDBG		(500)
Community Corrections Grant		(38)
TIP Program		(42)
Total Special Revenue Funds	<u>4,189</u>	<u>(44,217)</u>
Capital Projects Fund:		
Jail Renovation	<u>47,552</u>	<u>          </u>
Enterprise Funds:		
Putnam Acres Care Center		(688)
Waste Disposal		(3,692)
Sewer District		(533)
Water District	696	
Putnam County Water/Sewer	310	
Putnam County Emergency Medical	<u>320</u>	<u>(501)</u>
Total Enterprise Funds	<u>1,326</u>	<u>(5,414)</u>
Expendable Trust Fund:		
Unclaimed Funds		<u>(164)</u>
Total Due From/Due To Other Funds	<u>\$53,816</u>	<u>\$(53,816)</u>

B. Interfund balances at December 31, 2000 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	\$27,157	
Special Revenue Funds:		
Cops Universal Hiring Grant		\$(10,000)
Ditch Maintenance		(1,343)
LLEBG		(2,377)
Putnam County EMA		<u>(13,437)</u>
Total Special Revenue Funds		<u>(27,157)</u>
Total Interfund Loans Receivable/Payable	<u>\$27,157</u>	<u>\$(27,157)</u>



**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

C. Interfund balances at December 31, 2000 consist of the following individual fund loans which are long-term in nature (outstanding longer than one year):

	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
General Fund	\$314,965	
<u>Special Revenue Funds</u>		
Ditch Maintenance		\$(24,290)
<u>Enterprise Funds</u>		
Putnam Co. Water/Sewer	_____	_(290,675)
Total Advances To/Advances From Other Funds	<u>\$314,965</u>	<u>\$(314,965)</u>

D. A reconciliation of the County's operating transfers for 2000 is as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$164	\$(483,238)
<u>Special Revenue Funds</u>		
Brookhill Center	1,946	
Putnam County EMA	13,438	
Family Resource Grant		(1,946)
Safe Communities	<u>2</u>	
Total Special Revenue Funds	<u>15,386</u>	<u>(1,946)</u>
<u>Debt Service Funds</u>		
Various County Notes	<u>18,721</u>	
Total Debt Service Funds	<u>18,721</u>	
<u>Capital Project Funds</u>		
Airport Construction	4,278	
Jail Renovation	<u>300,594</u>	
Total Capital Project Funds	<u>304,872</u>	
<u>Enterprise Funds</u>		
Landfill Bond Repayment	126,205	
Putnam Co. Water/Sewer District	<u>20,000</u>	
Total Enterprise Funds	<u>146,205</u>	
<u>Expendable Trust Fund</u>		
Unclaimed funds		(164)
Total Expendable Trust		<u>(164)</u>
Total Transfers In/Transfers Out	<u>\$485,348</u>	<u>\$(485,348)</u>

PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

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, 2000 was \$6.98 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property upon which 2000 tax receipts were collected are as follows:

Real Property	\$422,246,720
Public Utility Personal Property	33,960,360
Tangible Personal Property	<u>63,348,905</u>
Total Assessed Value	<u>\$519,555,985</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.

"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 2000 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 2000 are shown as 2000 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.

PUTNAM COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)

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 \$2,401,005 in 2000.

8. RECEIVABLES

Receivables at December 31, 2000, 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	\$1,376,465
Permissive Sales Tax	394,882
Advances to Other Funds	314,965
<u>Special Revenue Funds</u>	
Real and Other Taxes	1,184,449
Due From Other Governments	278,162
Loans Receivable	799,173
<u>Capital Projects Funds</u>	
Special Assessments	218,633
<u>Enterprise Funds</u>	
Accounts	364,143
Special Assessments	11,472

9. FIXED ASSETS

A summary of the enterprise funds' and the Workshop's fixed assets at December 31, 2000 follows:

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

	<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	2,055,818	
Licensed Vehicles	1,147,770	85,948
Machinery, Equipment, Furniture, and Fixtures	<u>874,640</u>	<u>127,913</u>
Total	7,215,661	225,236
Less Accumulated Depreciation	<u>(2,946,260)</u>	<u>(152,072)</u>
 Net Fixed Assets	 <u>\$4,269,401</u>	 <u>\$73,164</u>

A summary of the changes in general fixed assets during 2000 follows:

	(Restated) Balance <u>January 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31, 2000</u>
Land	\$1,481,422	\$86,025		\$1,567,447
Buildings	5,216,361	84,443	\$(18,387)	5,282,417
Improvements other than Building	41,317	126,707		168,024
Licensed Vehicles	3,873,993	497,465	(241,067)	4,130,391
Machinery, Equipment and Fixtures	<u>4,459,090</u>	<u>485,039</u>	<u>(102,736)</u>	<u>4,841,393</u>
 Total General Fixed Assets	 <u>\$15,072,183</u>	 <u>\$1,279,679</u>	 <u>\$(362,190)</u>	 <u>\$15,989,672</u>

**10. CHANGES IN CONTRIBUTED CAPITAL**

Changes in contributed capital for the year ended December 31, 2000 are summarized by source as follows:

Contributed capital, January 1, 2000 (Restated)	\$1,873,867
Capital contributions from other funds	13,677
Depreciation on fixed assets acquired by contributed capital	<u>(141,725)</u>
Contributed capital, December 31, 2000	<u>\$1,745,819</u>

**11. CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, and in the current year, the County has entered into capital lease agreements. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, 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 \$292,724, which equals the present value of the future minimum lease payments at the time of acquisition. At inception, capital lease transactions are

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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 2000 totaled \$58,000 in the General and Special Revenue 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, 2000.

<u>Year Ending December 31</u>	<u>GLTOAG</u>
2001	\$ 54,221
2002	46,820
2003	21,548
2004	7,685
2005	<u>4,093</u>
Total Future Minimum Lease Payments	134,367
Less: Amount Representing Interest	<u>(15,274)</u>
Present Value of Future Minimum Lease Payments	<u>\$119,093</u>

**12. LONG-TERM DEBT**

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

	<u>Interest Rate</u>	<u>(Restated) Balance 1/1/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/00</u>
<u>General Long-Term Obligations:</u>					
<u>General Obligation Long Term Notes:</u>					
Airport Hangar Cognovit	7.250%	\$7,500		\$7,500	
Department Vehicles	6.75%		\$100,000	15,271	\$84,729
Fairgrounds Renovations	Variable		135,000	70,265	64,735
Schnipke Engraving Sewer Line	6.00%		44,023		44,023
Co. Road 5 Feasibility Study	5.95%		<u>30,000</u>	<u>30,000</u>	
Total General Obligation Notes		<u>7,500</u>	<u>309,023</u>	<u>123,036</u>	<u>193,487</u>
<u>Special Assessment Note:</u>					
Cranberry Check	Variable		93,511		93,511
<u>General Obligation Bonds:</u>					
Airport Improvement	7.625%	78,650		7,150	71,500
Energy Conservation Improvement	5.250%	165,197		28,429	136,768
Energy Conservation Improvement	5.650%	150,000		25,000	125,000
Human Services Building Acquisition	7.625%	130,350		11,850	118,500
Human Services Building Addition	6.625%	<u>161,765</u>		<u>14,706</u>	<u>147,059</u>
Total General Obligation Bonds		<u>685,962</u>		<u>87,135</u>	<u>598,827</u>

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

Other Long-Term Obligations:					
Capital Leases		146,481	30,612	58,000	119,093
Compensated Absences		<u>929,862</u>	<u>228,205</u>	<u>196,294</u>	<u>961,773</u>
Total Other Long-Term Obligations		<u>1,076,343</u>	<u>258,817</u>	<u>254,294</u>	<u>1,080,866</u>
Total General Long-Term Obligations		<u>1,769,805</u>	<u>661,351</u>	<u>464,465</u>	<u>1,966,691</u>
<u>Enterprise Funds:</u>					
<u>General Obligation Bonds:</u>					
Putnam Acres Renovation	4.900%	168,066		30,440	137,626
Putnam Acres Improvement	6.000%	770,000		70,000	700,000
Landfill Construction Bonds	4.900%	820,000		90,000	730,000
Sewer Improvement	4.950%	<u>261,048</u>		<u>11,079</u>	<u>249,969</u>
Total General Obligation Bonds		<u>2,019,114</u>		<u>201,519</u>	<u>1,817,595</u>
Total Long Term Obligations		<u>\$3,788,919</u>	<u>\$661,351</u>	<u>\$665,984</u>	<u>\$3,784,286</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 general obligation notes were issued for various capital improvement projects of the County, and will be repaid from operating revenues of the General and Capital Projects funds.

Special assessment notes will be paid from the proceeds of special assessments levied against the property owners who are primarily benefitted from the project. In the event that property owners fail to make their payments, the County is responsible for providing the resources to meet annual principal and interest payments.

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

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, 2000 are an overall debt margin of \$9,376,105 and an unvoted debt margin of \$2,787,560.

The following is a summary of the County's future annual debt service requirements for general long-term obligations. The Fairgrounds Renovation, Schnipke Engraving Sewer Line, and Cranberry Creek notes are lines of credit, that the County has not drawn the entire amount available, and include variable interest rates. As a result interest due on these notes has not been included and the total principal due is shown on the final maturity date:

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

<u>Fiscal Year Ending December 31</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>	<u>Special Assessment Notes</u>	<u>Total</u>
2001	\$119,044	\$81,466		\$200,510
2002	118,263	37,443		155,706
2003	114,427	18,721		133,148
2004	110,593			110,593
2005	106,758	64,735		171,493
2006 - 2010	<u>204,875</u>		<u>\$93,511</u>	<u>298,386</u>
Total	773,960	202,365	93,511	1,069,836
Less: Interest	<u>(175,133)</u>	<u>(8,878)</u>	N/A	<u>(184,011)</u>
Total	<u>\$598,827</u>	<u>\$193,487</u>	<u>\$93,511</u>	<u>\$885,825</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>
2001	\$203,579	\$93,020	\$296,599
2002	210,737	82,543	293,280
2003	218,005	71,638	289,643
2004	225,384	60,290	285,674
2005	184,107	49,194	233,301
2006 - 2010	671,726	113,012	784,738
2011 - 2015	<u>104,057</u>	<u>15,948</u>	<u>120,005</u>
Totals	<u>\$1,817,595</u>	<u>\$485,645</u>	<u>\$2,303,240</u>

**13. BOND ANTICIPATION NOTE PAYABLE**

During fiscal 2000, the County issued a \$2,015,000 bond anticipation note for landfill improvements. Debt service activity for this note has been reported in the Capital Projects funds, which received the proceeds upon issuance.

The following is a description of the County's bond anticipation note outstanding at December 31, 2000:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Notes Outstanding 01/01/2000</u>	<u>Additions in 2000</u>	<u>Retired in 2000</u>	<u>Notes Outstanding 12/31/2000</u>
Landfill Improvement Notes	4.35%	11/20/00	4/12/01	_____	<u>\$2,015,000</u>	_____	<u>\$2,015,000</u>

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

**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, 2000, is as follows:

	<u>Putnam Water/Sewer</u>	<u>Putnam Acres</u>	<u>Waste Disposal</u>	<u>Sewer</u>
Operating Revenues	\$31,667	\$3,589,027	\$547,937	\$68,439
Operating Expenses				
Before Depreciation	43,363	2,975,195	494,482	83,904
Depreciation Expense	21,238	150,005	59,427	9,207
Operating Income (Loss)	(32,934)	463,827	(5,972)	(24,672)
Operating Transfers In	20,000			
Net Income (Loss)	(123,439)	884,188	804,679	(24,665)
Fixed Assets:				
Acquisitions	3,928	44,449	1,602	
Deletions	97,702	16,733		
Net Working Capital	(166,250)	1,661,410	374,532	59,542
Total Assets	536,202	3,798,212	893,031	500,014
Long-Term Liabilities:				
General Obligation Bonds	249,969	837,626		
Closure and Postclosure Liability			3,151,491	
Compensated Absences		271,490	2,703	
Total Fund Equity	(19,021)	2,329,927	(2,336,072)	494,352
Encumbrances Outstanding at December 31, 2000 (Budget Basis)	397	126,134	63,554	

  

	<u>Water</u>	<u>Landfill</u>	<u>Airport</u>	<u>Emergency Medical</u>	<u>Total</u>
Operating Revenues	\$21,206		\$1,238	\$496,989	\$4,756,503
Operating Expenses					
Before Depreciation	16,078		13,666	432,780	4,059,468
Depreciation Expense	16,110			107,866	363,853
Operating Income (Loss)	(10,982)		(12,428)	(43,657)	333,182
Operating Transfers In		\$126,205			146,205
Net Income (Loss)	(10,982)	97,177	(5,392)	(91,712)	1,529,854
Fixed Assets:					
Acquisitions				103,286	153,265
Deletions				111,756	226,191
Net Working Capital	49,059	116,401	18,836	260,839	2,374,950
Total Assets	951,378	221,210	20,662	559,923	7,480,632
Long-Term Liabilities:					
General Obligation Bonds		730,000			1,817,595
Closure and Postclosure Liability					3,151,491



**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

Compensated Absences			2,773	276,966	
Total Fund Equity	949,546	(511,649)	20,048	502,608	1,429,739
Encumbrances Outstanding at December 31, 2000 (Budget Basis)					
	897		615	16,371	207,968

**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 2000, 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>Limits</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' Compensation Coverage)	1,000,000
Building and Contents	36,427,128
Other Property Insurance:	
Extra Expense	1,000,000
Miscellaneous Floater	1,300,000
Contractors Equipment	1,310,329
Valuable Papers and Records	1,000,000
Automobile Physical Damage	Actual Cash Value
Flood and Earthquake	Pool Limit
Motor Truck Cargo	100,000
Faithful Performance	
Money and Securities	
Food Stamp Coverage	
Depositors Forgery	
Money Orders and Counterfeit Paper Currency	
Total	1,000,000
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 2). The County pays all elected officials' bonds by statute. Medical Mutual of Ohio insured employee hospital/medical benefits for the year ended December 31, 2000.

For 2000, 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

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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.

**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 public employee retirement system created by the State of Ohio. 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.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Board instituted a temporary employer rate rollback for calendar year 2000. The rate rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The employer contribution rate for law enforcement employees was 15.70 percent of covered payroll; 11.40 percent was the portion used to fund pension obligations for 2000. The contribution rates are determined actuarially. The County's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$975,043, \$1,149,535 and \$1,070,225, respectively; 78 percent has been contributed for 2000 and 100 percent for 1999 and 1998. \$208,339, representing the unpaid contribution for 2000, 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

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 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, 2000, 1999, and 1998 were \$9,590, \$9,212 and \$10,627, respectively; 100 percent has been contributed for 2000, 1999 and 1998.

**17. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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 employer contribution rate was rolled back for the year 2000. The 2000 employer contribution rate for local government employers was 10.84% of covered payroll; 4.30% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund post employment benefits was \$434,980. Of this amount, \$396,985 was used to fund health care for the year for regular employees, while \$37,995 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, 2000  
(Continued)**

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.

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based upon a December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

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, 2000, Comprehensive Annual Financial Report.

**B. State Teachers Retirement System**

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.

All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the System equal to 8% of covered payroll. For the County this amount equaled \$5,480 during 2000. As of June 30, 2000, eligible benefit recipients statewide totaled 99,011 for STRS as a whole. Net health care costs paid by STRS statewide were \$283.1 million.

**18. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America, 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), All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

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

	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$ 66,876	\$(1,403,472)	\$(534)	\$ 1,750,405
Net Adjustment for Revenue Accruals	519,199	(72,758)		34,324
Net Adjustment for Expenditure Accruals	(306,748)	136,451		(89,655)
Net Adjustment for Other Financing Sources (Uses)	(120,938)	89,416		(2,034,283)
Budget Basis Encumbrances Outstanding at Year End	<u>111,561</u>	<u>400,114</u>	<u>    </u>	<u>302,487</u>
GAAP Basis	<u>\$ 269,950</u>	<u>\$ (850,249)</u>	<u>\$(534)</u>	<u>\$ (36,722)</u>

**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, 2000, the total liability for compensated absences was \$1,310,720 for the Primary Government. Of that amount, the liability for governmental funds was \$1,010,872; the current portion was \$49,099, and \$961,773 was reported in the General

**PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(Continued)**

Long-Term Obligations Account Group. The total liability for the enterprise funds was \$299,848, of which \$22,882 was current, and the balance long-term.

**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.

There are no claims or lawsuits pending against the County at year end.

**21. RELATED PARTY TRANSACTIONS**

During 2000 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 \$90,936 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.

**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 \$3,151,491 reported as landfill closure and postclosure care liability at December 31, 2000, represents the cumulative amount reported to date based on the use of 94 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$190,709 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2000. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

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 2000 in which the County has proven to be able to self-fund these future costs.

**23. SUBSEQUENT EVENTS**

On April 12, 2001 the County issued \$2,023,000 3.3% in bond anticipation notes. The notes mature on October 11, 2001 and were issued to retire bond anticipation notes issued in 2000 to finance the costs of closing the County's landfill.

**PUTNAM COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<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>				
<u>Mental Retardation and Developmental Disabilities Board</u>				
Nutrition Cluster				
Food Distribution Program	10.550	-		\$1,068
National School Lunch Program	10.555	-	\$590	
Total Department of Agriculture			590	1,068
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through the Ohio Department of Development</i>				
<u>County Commissioners</u>				
Community Development Block Grant	14.228	B-F-98-064-1	950	
Community Development Block Grant	14.228	B-F-99-064-1	95,000	
Community Development Block Grant	14.228	B-F-00-064-1	6,300	
Community Development Block Grant	14.228	B-E-98-064-1	150,960	
Community Development Block Grant	14.228	B-E-99-064-1	5,000	
Community Development Block Grant	14.228	B-E-99-064-2	399,000	
Community Development Block Grant	14.228	B-E-99-064-3	10,000	
Community Development Block Grant	14.228	DEV 106	88,799	
Total Department of Housing and Urban Development			756,009	
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<u>Sheriff's Department</u>				
Public Safety Partnership and Community Policing Grant	16.710	1999-UMWX29	35,883	
Public Safety Partnership and Community Policing Grant	16.710	1999-CMWX19	28,167	
Total Public Safety Partnership and Community Policing Grant			64,050	
<i>Passed through the Ohio Office of Criminal Justice Services</i>				
<u>Sheriff's Department</u>				
Bryne Formula Grant	16.579	97-LEB-3105 0	109	
Total Department of Justice			64,159	
<b>UNITED STATES DEPARTMENT OF LABOR</b>				
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
<u>Jobs and Family Services Department</u>				
Workforce Investment Act	17.255		63,450	
<i>Passed through the Ohio Department of Public Safety, Office of the Governor's Highway Safety Representative</i>				
<u>Sheriff's Department</u>				
State and Community Highway Safety	20.600	-	1,010	

(Continued)

**PUTNAM COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000  
(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 Adjutant General's Department of Emergency Management</i>				
<u>Emergency Management Agency</u> Emergency Management Assistance	83.534	-	17,095	
<b>UNITED STATES DEPARTMENT OF EDUCATION</b> <i>Passed through the Ohio Department of Education</i>				
<u>Mental Retardation and Developmental Disabilities Board</u> Special Education - Grants to States	84.027	066209-6B-SF-01	3,913	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> <i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>				
<u>Mental Retardation and Developmental Disabilities Board</u> Medical Assistance Program	93.778	TCM	18,985	
Medical Assistance Program	93.778	CAFS	192,292	
Social Services Block Grant	93.667	MR-69-FY00	22,069	
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
<u>Jobs and Family Services Department</u> Child Welfare Services	93.645	-	38,120	
Independent Living Program	93.674	-	7,395	
<u>Children Services Department</u> Family Preservation and Support Services	93.556	-	20,968	
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services</i>				
<u>Alcohol, Drug Addiction, and Mental Health Services Board</u> Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	104,993	
Medical Assistance Program	93.778	-	19,770	
<i>Passed through the Ohio Department of Mental Health</i>				
<u>Alcohol, Drug Addiction, and Mental Health Services Board</u> Block Grants for Community Mental Health Services	93.958	-	49,521	
Social Services Block Grant	93.667	-	15,283	
Medical Assistance Program	93.778	-	50,907	
Total Department of Health and Human Services			540,303	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$1,446,529</u>	<u>\$1,068</u>

*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, 2000**

**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, 2000, 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 were no such initial loans made during 2000. 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, 2000, the gross amount of loans outstanding under this program was \$799,173. There were no delinquent amounts due at December 31, 2000.

**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.

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## 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 County Commissioners:

We have audited the financial statements of Putnam County (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated June 13, 2001, in which we noted that our opinion on the Brookhill Workshop was based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000- 60269-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated June 13, 2001.

### 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 13, 2001.

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 13, 2001



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**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 County Commissioners:

**Compliance**

We have audited the compliance of Putnam County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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, 2000.

**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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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 13, 2001

**PUTNAM COUNTY**  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2000**

**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>	Yes
<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>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant CFDA # 14.228 Medical Assistance Program CFDA # 93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2000-60269-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

**FINDING NUMBER 2000-60269-001  
(Continued)**

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Board of County Commissioners may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$100, the fiscal officer may authorize it to be paid without the affirmation of the Board of County Commissioners, if such expenditure is otherwise valid.

As of December 31, 2000, the County had \$189,487 in outstanding purchase commitments that were not certified until 2001, and as a result, were charged against fiscal year 2001 appropriations. The accompanying financial statements have been adjusted to reflect this amount as an outstanding encumbrance in the Various County Notes Fund, Capital Projects Fund Type, as of December 31, 2000. This adjustment caused expenditures to exceed appropriations in the Various County Notes Fund by \$189,487 at December 31, 2000, contrary to Ohio Revised Code § 5705.41(B) which prohibits a subdivision from making an expenditure unless it has been appropriated.

Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of County funds being over expended or exceeding budgetary spending limitations as set by the Board of Commissioners. To improve controls over disbursements, we recommend that all County disbursements receive prior certification of the Auditor and that the Board of Commissioners periodically review the expenditures made to ensure they are within the appropriations adopted by the Board of Commissioners, certified by the Auditor and recorded against appropriations.

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

None.



**PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**OMB CIRCULAR A -133 § .315 (b)**

**DECEMBER 31, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-60269-001	Failure to comply with grant agreement guidelines for filing of reports for CHIPS program.	Yes	No longer valid, since the County no longer receives grant funds of this nature.





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## 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 12, 2001