



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

PUTNAM COUNTY
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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Putnam County
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P.O. Box 345
Ottawa, Ohio 45875-0345

To the Board of County Commissioners:

We have audited the accompanying financial statements of Putnam County (the County) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code § 117-2-3b requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Notes 2 and 3, the County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the combined cash and cash equivalents and combined fund cash balances of Putnam County, as of December 31, 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2002 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.

We performed our audit to form an opinion on the financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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 financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, Board of County Commissioners and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 19, 2002

PUTNAM COUNTY
COMBINED STATEMENT OF CASH AND CASH EQUIVALENTS
AND FUND CASH BALANCES
ALL FUND TYPES
AS OF DECEMBER 31, 2001

Cash and Cash Equivalents	<u><u>\$17,035,709</u></u>
Cash Balances by Fund Type	
Governmental Fund Types:	
General Fund	\$2,262,274
Special Revenue Funds	4,959,591
Debt Service Funds	166,829
Capital Projects Funds	3,932,720
Proprietary Fund Type:	
Enterprise Funds	3,082,423
Fiduciary Fund Types:	
Expendable Trust Fund	5,987
Agency Funds	<u>2,625,885</u>
Total	<u><u>\$17,035,709</u></u>

The notes to the financial statements are an integral part of this statement.

PUTNAM COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types	
	General	Special Revenue
Cash receipts:		
Property tax and other local taxes	\$3,758,544	\$1,314,903
Special assessments		238,797
Intergovernmental receipts	804,035	8,984,689
Charges for services	1,146,994	639,009
Licenses and permits	1,915	55,473
Fines and forfeitures	33,369	45,133
Earnings on investments	962,400	35,992
Rental income	59,686	
Miscellaneous	447,182	223,780
Total cash receipts	<u>7,214,125</u>	<u>11,537,776</u>
Cash disbursements:		
Current:		
General government:		
Legislative and executive	1,777,320	377,865
Judicial	865,959	104,387
Public safety	2,251,481	389,619
Public works	62,712	3,349,495
Health	45,581	3,342,617
Human services	178,353	3,559,649
Economic development and assistance		832,899
Transportation	45,536	
Other	342,037	
Intergovernmental	285,876	
Debt service:		
Principal payments	136,038	94,071
Interest payments	46,078	940
Capital outlay		225,148
Total cash disbursements	<u>6,036,971</u>	<u>12,276,690</u>
Total receipts over/(under) disbursements	<u>1,177,154</u>	<u>(738,914)</u>
Other financing receipts and (disbursements):		
Sale of bonds or notes		
Transfers-in	4,000	7,200
Advances-in	148,247	89,630
Other financing sources	37,354	399,498
Transfers-out	(288,297)	(4,631)
Advances-out	(290,940)	(12,377)
Other financing uses	(164,412)	
Total other financing receipts/(disbursements)	<u>(554,048)</u>	<u>479,320</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	623,106	(259,594)
Fund cash balances, January 1	1,639,168	5,219,185
Fund cash balances, December 31	<u>\$2,262,274</u>	<u>\$4,959,591</u>

The notes to the financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
	\$120,151		\$5,193,598
	55,000		293,797
	128,941		9,917,665
			1,786,003
			57,388
			78,502
	16,835		1,015,227
\$57,814			117,500
2,397	2,974	\$2,507	678,840
60,211	323,901	2,507	19,138,520
			2,155,185
			970,346
			2,641,100
	111,114		3,523,321
			3,388,198
			3,738,002
			832,899
			45,536
		1,282	343,319
			285,876
82,900	4,088,000		4,401,009
311,683	193,206		551,907
	2,009,854		2,235,002
394,583	6,402,174	1,282	25,111,700
(334,372)	(6,078,273)	1,225	(5,973,180)
	7,088,290		7,088,290
261,097			272,297
	65,440		303,317
	19,692		456,544
			(292,928)
			(303,317)
			(164,412)
261,097	7,173,422		7,359,791
(73,275)	1,095,149	1,225	1,386,611
240,104	2,837,571	4,762	9,940,790
\$166,829	\$3,932,720	\$5,987	\$11,327,401

PUTNAM COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$5,065,973		\$5,065,973
Miscellaneous	39,788		39,788
Total operating cash receipts	<u>5,105,761</u>		<u>5,105,761</u>
Operating cash disbursements:			
Personal services	2,914,636		2,914,636
Contractual services	1,052,534		1,052,534
Supplies and materials	203,461		203,461
Capital outlay	334,786		334,786
Other operating expenses	285,147		285,147
Total operating cash disbursements	<u>4,790,564</u>		<u>4,790,564</u>
Operating income	<u>315,197</u>		<u>315,197</u>
Non-operating cash receipts:			
Intergovernmental receipts	18,179		18,179
Special Assessments	155,609		155,609
Tap-in fees	17,062		17,062
Other non-operating receipts	97,445	\$44,504,316	44,601,761
Total non-operating cash receipts	<u>288,295</u>	<u>44,504,316</u>	<u>44,792,611</u>
Non-operating cash disbursements:			
Debt service	335,409		335,409
Other non-operating cash disbursements	4,148	44,418,911	44,423,059
Total non-operating cash disbursements	<u>339,557</u>	<u>44,418,911</u>	<u>44,758,468</u>
Excess of receipts over disbursements before interfund transfers and advances	263,935	85,405	349,340
Transfers-in	44,001	481,892	525,893
Advances-in		243,305	243,305
Transfers-out	(24,001)	(481,261)	(505,262)
Advances-out		(243,305)	(243,305)
Net receipts over disbursements	283,935	86,036	369,971
Fund cash balances, January 1	<u>2,798,488</u>	<u>2,539,849</u>	<u>5,338,337</u>
Fund cash balances, December 31	<u>\$3,082,423</u>	<u>\$2,625,885</u>	<u>\$5,708,308</u>

The notes to the financial statements are an integral part of this statement.

PUTNAM COUNTY
COMBINED STATEMENT OF RECEIPTS
BUDGET AND ACTUAL
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Fund Types:			
General Fund	\$5,799,005	\$7,255,479	\$1,456,474
Special Revenue Funds	13,488,341	11,944,474	(1,543,867)
Debt Service Funds	159,582	321,308	161,726
Capital Projects Funds	4,397,263	7,431,883	3,034,620
Proprietary Fund Type:			
Enterprise Funds	5,877,241	5,438,057	(439,184)
Fiduciary Fund Type:			
Trust Funds	1,000	2,507	1,507
Total (Memorandum Only)	<u><u>\$29,722,432</u></u>	<u><u>\$32,393,708</u></u>	<u><u>\$2,671,276</u></u>

The notes to the financial statements are an integral part of this statement.

PUTNAM COUNTY

**COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Prior Year Carryover Appropriations	2001 Appropriations
Governmental Fund Types:		
General Fund	\$111,561	\$7,476,640
Special Revenue Funds	400,111	15,517,620
Debt Service Fund		395,382
Capital Projects Funds	302,487	6,644,247
Proprietary Fund Type:		
Enterprise Funds	207,938	6,325,914
Fiduciary Fund Type:		
Trust Funds		3,000
Total (Memorandum Only)	\$1,022,097	\$36,362,803

The notes to the financial statements are an integral part of this statement.

<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$7,588,201	\$6,489,680	\$298,293	\$6,787,973	\$800,228
15,917,731	12,281,321	587,911	12,869,232	3,048,499
395,382	394,583		394,583	799
6,946,734	6,402,174	5,611,625	12,013,799	(5,067,065)
6,533,852	5,154,122	460,770	5,614,892	918,960
3,000	1,282		1,282	1,718
<u>\$37,384,900</u>	<u>\$30,723,162</u>	<u>\$6,958,599</u>	<u>\$37,681,761</u>	<u>(\$296,861)</u>

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PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

NOTE 1 – DESCRIPTION OF THE ENTITY

Putnam County (the County) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, 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 serving as the budget and taxing authority, contracting body and chief administrator of public services for the County.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code § 117-2-3b to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the County, with the exception of the Brookhill Workshop, chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

A general fixed asset group and general long-term debt obligation group of accounts is not recorded on the financial statements by the County under the basis of accounting used. By virtue of Ohio law, the County is required to maintain the encumbrance method of accounting and to make appropriations.

A. Basis of Presentation – Fund Accounting

The County uses fund accounting to segregate cash and investments which are restricted to use. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

1. Governmental Fund Types

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

General Fund – The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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

Debt Service Fund – This fund is used for the accumulation of resources for, and the payment of, general obligation long-term debt principal and interest other than that accounted for in the propriety fund.

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

2. Proprietary Fund Types

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector.

Enterprise Fund – 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 of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

3. Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's fiduciary funds include expendable trust and agency funds. Funds for which the County is acting in an agency capacity are classified as agency funds.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio 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 appropriation 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, are legally required to be budgeted and appropriated.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20, for the period January 1 to December 31 of the following year.

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

2. Estimated Resources

The County Budget 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 projected receipts of each fund. On or about January 1 this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31 the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2001, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal 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 canceled at year end and reappropriated at the beginning of the subsequent year.

C. Property, Plant, and Equipment

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

D. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the County.

E. Cash and Cash Equivalents

The County maintains a cash and investment pool which is available for all funds. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

“Cash and Cash Equivalents” on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances. During fiscal year 2001, investments were limited to certificates of deposits and Money Markets. All investments of the County had a maturity of two years or less. Investments are stated at cost. Investment earnings are allocated as authorized by State statute, with the exception of the motor vehicle license tax fund which did not receive its share of interest in 2001.

F. Total Columns on Financial Statements

Total columns on the financial statements are captioned “Total- (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund –type eliminations have not been made in the aggregation of this data.

NOTE 3 – ACCOUNTING CHANGES AND COMPLIANCE

A. Accounting Changes

During 2001 the County changed its method of accounting from accounting principles generally accepted in the United States of America to a basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The affect on the excess of revenues over/(under) disbursements/expenditures as previously reported, although potentially material, cannot be determined at this time. This change had the following affect on fund balances as previously reported:

Fund Type	Fund Balance/ Equity as Previously Reported at 12/31/2000	Adjustments	Adjusted Balances at 1/1/2001
General	\$2,580,285	\$(941,117)	\$1,639,168
Special Revenue	5,988,066	(768,881)	5,219,185
Debt Service	5,106	234,998	240,104
Capital Projects	744,265	2,093,306	2,837,571
Enterprise	1,429,739	1,368,749	2,798,488
Expendable Trust	4,333	429	4,762
Agency		2,539,849	2,539,849

B. Compliance

The following funds had expenditures in excess of appropriations as of December 31, 2001:

Fund	Amount Appropriated	Amount Expended	Excess of Expenditures over Appropriations
Ditch Maintenance	\$57,890	\$60,100	\$2,210
Community Development Block Grant			
Jail Construction	506,212	5,648,280	5,142,068
Ottoville Sewer Construction	196,212	205,512	9,300

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

NOTE 4 – CASH AND CASH EQUIVALENTS

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement Cash and Cash Equivalents and Fund Cash Balances "Cash and Cash Equivalents".

A. Legal Requirements

Statutes require the classification of monies held by the County into two categories. The first category consists of "active" monies, those monies required to be kept in a "cash" or "near-cash" status for current demands upon the County Treasury. Such monies must be maintained either as cash in the County Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second category consists of "inactive" monies, those monies in excess of the amount determined to be "active" monies. Inactive monies 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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

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.

B. Cash on Hand

Cash on hand consists of \$98,842 in undeposited cash which is included on the Combined Statement of Cash and Cash Equivalents and Fund Cash Balances as part of "Cash and Cash Equivalents."

C. Deposits

At year-end, the carrying amount of the County's cash on hand and deposits was \$17,035,709 and the bank balance was \$18,021,428. Of the bank balance:

1. \$961,400 was covered by federal depository insurance;
2. \$6,457,705 was collateralized by securities specifically pledged by the financial institution to the County;
3. \$10,602,323 was covered by collateral held by third party trustee pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposits with specific depository institutions.

NOTE 5 – PROPERTY TAXES

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all nonexempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

The full tax rate applied to real property, for the fiscal year ended December 31, 2001, was \$6.90 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$5.4114 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$6.3023 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property, for the fiscal year ended December 31, 2001, was \$6.90 per \$1,000 of assessed valuation.

Real Property – 2000 Valuation	
Residential/Agricultural	\$391,143,150
Commercial/Industrial	42,276,430
Public Utilities	563,670
Tangible Personal Property – 2001 Valuation	
General	67,821,495
Public Utilities – 2000	<u>37,415,940</u>
Total Valuation	<u><u>\$539,220,685</u></u>

The Putnam County Treasurer collects property tax on behalf of all taxing districts within the County. The Putnam 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.

NOTE 6 – RISK MANAGEMENT

The County is a member of the County Risk Sharing Authority, Inc., (CORSA) (the Pool). The Pool assumes the risk of loss up to the limits of the County's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Comprehensive general liability;
- Automobile liability;
- Certain property insurance; and
- Public officials' errors and omissions liability insurance.

NOTE 7 – RETIREMENT SYSTEMS

Certified teachers employed by the school for the Mentally Retarded/Developmentally Disabled (MRDD) participate in the State Teachers Retirement System of Ohio (STRS). The County's official and all other employees belong to the Public Employees Retirement System (PERS) of Ohio. STRS and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. STRS members contributed 9.3% of their wages and the County contributed an amount equal to 14% of participants' gross salaries. Law enforcement members contribute 10.1% to PERS all other members contributed 8.5% of their wages and

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

the County contributed an amount equal to 16.70% for law enforcement and 13.55% of all other participants' gross salaries. The County has paid all contributions required through December 31, 2001.

NOTE 8 – JOINTLY GOVERNED ORGANIZATIONS

The County is associated with the following organizations which are defined as 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 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 2001. The Hancock County Auditor serves as fiscal agent for this project.

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 2001.

NOTE 9 – DEBT OBLIGATIONS

The County's outstanding debt at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<u>General Obligation Notes:</u>		
Various Improvements Note	\$52,535	6.750%
Fairground Improvement Note	47,735	Variable
Schnipke Engraving Sewer Line Note	159,313	6.000%
<u>General Obligation Bonds:</u>		
Airport Improvement	64,350	7.625%
Energy Conservation Improvement	115,730	5.250%
Energy Conservation Improvement	100,000	5.650%
Human Services Building Acquisition	106,650	7.625%

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

Human Services Building Addition	132,353	6.625%
Putnam Acres Renovation	105,676	4.900%
Putnam Acres Improvement	630,000	6.000%
Landfill Construction	640,000	4.900%
Sewer Improvement	238,341	4.950%
Landfill Closure Bonds	2,050,000	Variable
Jail Construction Bonds	2,850,000	Variable
<u>Capital Leases:</u>		
Equipment Lease	<u>74,170</u>	
Total Outstanding at December 31, 2001	<u>\$7,366,853</u>	

The general obligation bonds were issued for various construction projects. This debt is to be repaid through transfers from the general fund, rental income from the human services building, operating revenues from the Putnam Acres, the Landfill, and the Water and Sewer operations. The landfill closure bonds will be repaid through a special assessment added to the tax bills of property owners in the County and the Jail Construction Bonds will be repaid through an increase in the County's sales tax.

The general obligation notes were issued for various capital projects of the County, and will be repaid from revenues of the General and Capital Projects funds. The various improvements note was for the purchase of a parking lot and county vehicles and will be repaid in semi-annual installments of \$18,721 with final payment due March 8, 2003. The fairground improvement note will be repaid in annual principal payments of \$17,000 and semi-annual interest payments, the final payment of all remaining interest and principle is due March 17, 2005. The Schnipke Engraving Sewer Line Note was refinanced on February 1, 2002 with a total note issue of \$169,003 at 5.25%; this note will be repaid in semi-annual installments of \$8,211, with final payment due February 1, 2017.

Capital leases are for equipment leases and will be funded by the general fund, the auto license & gas tax fund, and the job and family services fund.

The following is a summary of the County's future debt service payments for its general obligation bonds:

Year	General Obligation Bonds
2002	\$766,002
2003	759,952
2004	748,101
2005	697,569
2006	647,064
2007 and Thereafter	<u>7,485,321</u>
Total	<u><u>\$11,104,009</u></u>

NOTE 10 – 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; in 1987 the County Commissioners imposed an additional 0.5 percent tax; and effective June 1, 2001, the County Commissioners imposed an additional

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

0.25 percent tax for a period of five years, bringing the total permissive sales tax to 1.25 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 \$2,604,936 in 2001.

NOTE 11 – CONTINGENT LIABILITIES

A. Litigation

There are currently two cases pending with the County as defendant. Both cases are currently in the discovery stages and no estimate can currently be made of the amount or range of potential loss.

B. Contractually Assumed Obligations

The County had the following outstanding contractual commitments as of December 31, 2001:

<u>Contract</u>	<u>Project</u>	<u>Original Contract Amount</u>	<u>Contract Balance 12/31/01</u>
Peterson Construction	Jail Construction	\$3,120,700	\$2,773,198
Richard Schumm Plbg/Htg	Jail Construction	459,200	459,200
Armor Fire Protection Inc.	Jail Construction	124,030	124
L. R. Babcock, Inc.	Jail Construction	883,610	883,610
Reynold Electric Co., Inc.	Jail Construction	938,850	903,497
Ward Construction	CDBG	20,000	20,000
Kelchner Environmental	Landfill Closure	817,347	221,295
McAdams Excavating	Ditch Maintenance	78,966	40,678

NOTE 12 – BROOKHILL CENTER INDUSTRIES, INC.

The Brookhill Center Industries, Inc. (the Workshop) is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Putnam County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in 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 of the County 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."

During 2001 Putnam County provided facilities, certain equipment, transportation, and salaries for administration, implementation and supervision of programs to the workshop. The workshop, reported \$76,341 in its financial statements for such contributions. Financial information for the workshop can be obtained by contacting Brookhill Center Industries, Inc., 7989 State Route 108, Ottawa, Ohio 45875.

PUTNAM COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

NOTE – 13 SUBSEQUENT EVENTS

On May 29, 2002 the County entered into an irreversible letter of credit for \$1,869,040. The letter of credit was issued to guaranty payment of the costs associated with the closure and post closure care of the County landfill. The landfill was closed during 2001.

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PUTNAM COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments	Non-cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Passed through the Ohio Department of Education</i>				
<u>Mental Retardation and Developmental Disabilities Board</u>				
Nutrition Cluster				
Food Distribution Program	10.550	-		\$971
National School Lunch Program	10.555	-	\$649	
Total Department of Agriculture			649	971
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the Ohio Department of Development</i>				
<u>County Commissioners</u>				
Community Development Block Grant	14.228	B-F-99-064-1	2,000	
Community Development Block Grant	14.228	B-F-00-064-1	81,219	
Community Development Block Grant	14.228	B-F-01-064-1	6,400	
Community Development Block Grant	14.228	B-E-99-064-1	284,909	
Community Development Block Grant	14.228	B-E-00-064-1	325,000	
Total Department of Housing and Urban Development			699,528	
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Direct Assistance</i>				
<u>Sheriff's Department</u>				
Public Safety Partnership and Community Policing Grant	16.710	1999-UMWX29	36,280	
UNITED STATES DEPARTMENT OF LABOR				
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
<u>Jobs and Family Services</u>				
Workforce Investment Act	17.255	-	147,741	
FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Passed through the Ohio Adjutant General's Department of Emergency Management</i>				
<u>Emergency Management Agency</u>				
Emergency Management Performance Grants	83.552	-	12,982	
UNITED STATES DEPARTMENT OF EDUCATION				
<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-02	3,741	
Innovative Education Program Strategies	84.298	-	117	
Total Department of Education			3,858	

(Continued)

PUTNAM COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001
(Continued)**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments	Non-cash Disburse- ments
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<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	6,376	
Medical Assistance Program	93.778	CAFS	225,886	
Social Services Block Grant	93.667		26,181	
<i>Passed through the Ohio Department of Jobs and Family Services</i>				
<u>Jobs and Family Services Department</u>				
Child Welfare Services	93.645	-	38,134	
Independent Living Program	93.674	-	2,182	
<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	-	100,666	
Medical Assistance Program	93.778	-	19,016	
<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	-	52,264	
Social Services Block Grant	93.667	-	24,672	
Medical Assistance Program	93.778	-	70,830	
Total Department of Health and Human Services			566,207	
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$1,467,245	\$971

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, 2001

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, 2001, the County had no significant food commodities in inventory.

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

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). There was one such initial loan of \$210,000 made during 2001. 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, 2001, the gross amount of loans outstanding under this program was \$940,234. There was one delinquent loan at December 31, 2001, with an outstanding balance of \$361,439. The amount of potential loss has yet to be determined.

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
P.O. Box 345
Ottawa, Ohio 45875-0345

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, 2001, and have issued our report thereon dated June 19, 2002, in which we noted that the County prepares its financial statements on the basis of accounting formerly prescribed by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Compliance

As part of obtaining reasonable assurance about whether 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-60269-001, 2001-60269-002 and 2001-60269-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the County in a separate letter dated June 19, 2002.

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 19, 2002.

Putnam County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Jim Petro
Auditor of State

June 19, 2002



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

Putnam County
245 East Main Street
P.O. Box 345
Ottawa, Ohio 45875-0345

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 its major federal program for the year ended December 31, 2001. The County's major federal program is 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 its major federal program 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 its major federal program for the year ended December 31, 2001.

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 the audit committee, 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 19, 2002

PUTNAM COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2001-60269-001

Finding for Recovery Repaid Under Audit

Ohio Revised Code § 3375.52 requires the juvenile court to pay \$1,250 from fines collected under this section to the county law library association. Once the \$1,250 has been paid to the law library the remaining funds are paid to the county general fund.

In 2001 the Putnam County Juvenile Court remitted \$1,659 from fines collected under Ohio Revised Code § 3375.52 to the Putnam County Law Library Association, resulting in an overpayment of \$409.

Ohio Revised Code § 117.28 states that when an audit report sets forth that any public money has been illegally expended, the County's legal counsel may institute civil action to recover the money illegally expended.

Based on the forgoing facts a finding for recovery for public moneys illegally expended is hereby returned against the Putnam County Law Library Association in the amount of \$409, in favor of the Putnam County General Fund. The \$409 finding was paid by the Putnam County Law Library Association to Putnam County's General Fund on May 23, 2002.

FINDING NUMBER 2001-60269-002

Noncompliance Citation

Ohio Administrative Code §117-2-3b requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. The County prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

FINDING NUMBER 2001-60269-003

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditure exceeded appropriations at December 31, 2001 in the following funds:

Fund	Amount Appropriated	Amount Expended	Excess of Expenditures over Appropriations
Ditch Maintenance	\$57,890	\$60,100	\$2,210
Community Development Block Grant	713,028	726,628	13,600
Jail Construction	506,212	5,648,280	5,142,068
Ottoville Sewer Construction	196,212	205,512	9,300

The Auditor should not issue purchase orders or warrants for expenditures that would exceed appropriations. The Auditor should inform the Commissioners of the insufficiency of appropriations, and whether current resources permit an increase to appropriations. The Commissioners should determine if they wish to increase appropriations and if needed, obtain an amended certificate of estimated resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

PUTNAM COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)
DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60269-001	ORC § 5705.41(D) certification of funds	Yes	



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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 9, 2002