



Mary Taylor, CPA
Auditor of State

PUTNAM COUNTY
TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	9
Statement of Activities – Cash Basis.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	12
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Auto License and Gas Tax Fund.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Brookhill Center School Fund.....	16
Statement of Fund Net Assets – Cash Basis – Proprietary Funds.....	17
Statement of Cash Receipts, Disbursements, and Changes in Fund Net Assets – Cash Basis – Proprietary Funds	18
Statement of Fiduciary Net Assets – Cash Basis.....	19
Statement of Changes in Fiduciary Net Assets – Cash Basis	20
Notes to the Financial Statements.....	21
Federal Awards Expenditures Schedule.....	40
Notes to the Federal Awards Expenditures Schedule	42
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	45
Schedule of Findings.....	47
Corrective Action Plan.....	52
Schedule of Prior Audit Findings.....	53

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Putnam County
245 East Main Street
Ottawa, Ohio 45875

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Auto License and Gas Tax Fund, and the Brookhill Center School Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 26, 2010

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The discussion and analysis of Putnam County's (the County) financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2009, within the limitations of the County's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

Overall:

- Total net assets increased \$786,848 with Governmental Activities increasing by \$782,286 and Business-Type Activities increasing by \$4,562.
- Total cash receipts were \$30,539,212 in 2009.
- Total program cash disbursements were \$29,752,364 in 2009.

Governmental Activities:

- Total program cash receipts were \$15,645,750 in 2009, while program cash disbursements were \$23,325,052.
- Program cash disbursements were primarily composed of Public Safety and Public Works related cash disbursements which were \$9,590,127 in 2009.

Business-Type Activities:

- Total cash receipts were \$6,431,874 for Business Activities, while corresponding cash disbursements were \$6,427,312. This is the primary reason for the increase in Net Assets in the Business-type activities.

Using this Basic Financial Report

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

Report Components

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

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Basis of Accounting

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

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

Reporting the County as a Whole

The statement of net assets and the statement of activities reflect how the County did financially during 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the County at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the County's general receipts.

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

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

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

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

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

The County as a Whole

Table 1 provides a summary of the County's Net Assets for 2009 compared to the prior year on a cash basis:

Table 1
Net Cash Assets

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	2009	2008	2009	2008
<i>Assets</i>				
Cash and Cash Equivalents	<u>\$10,488,147</u>	<u>\$9,705,861</u>	<u>\$2,619,767</u>	<u>\$2,615,205</u>
<i>Net Cash Assets</i>				
Restricted for:				
Capital Projects	331,109	231,335		
Debt Service	913,059	559,824		
Other Purposes	7,882,187	7,554,360		
Unrestricted	<u>1,361,792</u>	<u>1,360,342</u>	<u>2,619,767</u>	<u>2,615,205</u>
<i>Total Net Assets</i>	<u>\$10,488,147</u>	<u>\$9,705,861</u>	<u>\$2,619,767</u>	<u>\$2,615,205</u>

Total assets increased by \$786,848.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities, and business-type activities.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Table 2
Changes In Net Cash Assets

	2009		2008	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<i>Cash Receipts</i>				
<i>Program Cash Receipts</i>				
Charges For Services and Sales	\$2,966,120	\$5,263,935	\$2,910,578	\$5,039,732
Operating Grants and Contributions	12,440,966		11,211,443	
Capital Grants and Contributions	238,664		243,776	
Total Program Cash Receipts	15,645,750	5,263,935	14,365,797	5,039,732
<i>General Cash Receipts and Transfers</i>				
Property Taxes	3,313,860		3,306,374	
Payment in Lieu of Taxes	37,776		33,231	
Sales Taxes	3,695,355		3,426,976	
Grants and Entitlements	707,128		1,054,179	
Interest Receipts	485,995		688,657	
Proceeds From Insurance Settlement			580,368	
Miscellaneous	1,140,025	249,408	1,538,884	255,080
Transfers/Advances In (Out)	(918,551)	918,531	(700,520)	700,520
Total General Cash Receipts and Transfers	8,461,588	1,167,939	9,928,149	955,600
Total Cash Receipts and Transfers	24,107,338	6,431,874	24,293,946	5,995,332
<i>Cash Disbursements</i>				
<i>Program Cash Disbursements</i>				
<i>General Government</i>				
Legislative and Executive	2,850,846		3,141,895	
Judicial	1,273,910		1,297,528	
Public Safety	5,389,564		4,154,772	
Public Works	4,200,563		5,022,334	
Health	3,879,202		3,984,631	
Human Services	3,599,690		3,676,825	
Economic Development	311,049		497,125	
Miscellaneous	838,316		1,107,450	
Capital Outlay	704,468		459,310	
<i>Debt Service:</i>				
Principal Retirement	164,410		158,858	
Interest and Fiscal Charges	113,034		120,493	
Water and Sewer		255,013		293,350
Sanitary Landfill		1,039,094		1,008,640
Emergency Medical Services		1,185,594		946,734
Airport Operations		24,429		18,242
Putnam Acres		3,900,640		4,267,145
Assisted Living		22,542		
Total Cash Disbursements	23,325,052	6,427,312	23,621,221	6,534,111
Increase (Decrease) In Net Cash Assets	782,286	4,562	672,725	(538,779)
Net Cash Assets at Beginning of Year	9,705,861	2,615,205	9,033,136	3,153,984
Net Cash Assets at End of Year	\$10,488,147	\$2,619,767	\$9,705,861	\$2,615,205

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to the voters to maintain a constant level of service. Property taxes and sales taxes made up 13.7 percent and 15.3 percent, respectively, of cash receipts for governmental activities for Putnam County in fiscal year 2009. Operating grants and contributions made up 51.6 percent of cash receipts for governmental activities for the County.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the County. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, public works and health, which account for 23.1, 18 and 16.6 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the County that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Total Cost of Program Services
Governmental Activities

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government				
Legislative and Executive	\$2,850,846	\$1,650,561	\$3,141,895	\$1,926,903
Judicial	1,273,910	602,160	1,297,528	656,573
Public Safety	5,389,564	3,246,098	4,154,772	3,521,593
Public Works	4,200,563	269,837	5,022,334	968,126
Health	3,879,202	1,150,612	3,984,631	1,407,181
Human Services	3,599,690	(386,493)	3,676,825	(233,947)
Economic Development	311,049	(56,405)	497,125	(68,985)
Miscellaneous	838,316	740,028	1,107,450	774,602
Capital Outlay	704,468	185,460	459,310	24,027
Debt Service:				
Principal Retirement	164,410	164,410	158,858	158,858
Interest and Fiscal Charges	113,034	113,034	120,493	120,493
	<u>\$23,325,052</u>	<u>\$7,679,302</u>	<u>\$23,621,221</u>	<u>\$9,255,424</u>
Total Cash Disbursements				

Business-Type Activities

Business-type activities include care and treatment of the elderly and disabled county residents at the Putnam Acres Care Center and operations of the Putnam County Emergency Medical Services. Overall Net Assets increased \$4,562 from 2008 to 2009 as a result of decreased county home expenditures. Program receipts did not support business-type activities. During 2009 program disbursements exceeded program receipts by \$1,163,377.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The County's Funds

Total governmental funds had total receipts and other financing sources of \$27,553,557 and disbursements and other financing uses of \$26,771,271. The net change in fund balance for the year increased the most in the Other Governmental Funds, where the cash balance went from \$5,928,645 in 2008 to \$6,281,162 for 2009 as a result of increased intergovernmental revenue to the County. For the General Fund, receipts exceeded disbursements in the amount of \$1,450. These factors along with receipts exceeding disbursements in the Auto License and Gas Tax Fund and the Brookhill Center School Fund in the amounts of \$170,861 and \$257,458 respectively resulted in governmental fund balances increasing \$782,286.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the General Fund, final budget basis receipts and other financing sources were \$8,557,618, which were the same as original budgeted receipts. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$9,109,035, \$100,395 above cash receipts, and \$134,267 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$704,468 during fiscal year 2009.

Debt

At December 31, 2009, the County's outstanding debt included \$2,129,459 in general obligation bonds payable from governmental activities, and \$1,932,018 in general obligation bonds payable from business-type activities. For further information regarding the County's debt, refer to Note 12 to the financial statements.

Current Financial Related Activities

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

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

Contacting the County's Financial Management

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

**Financial Condition
Putnam County**

*Statement of Net Assets - Cash Basis
December 31, 2009*

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,488,147	\$2,619,767	\$13,107,914
Net Assets			
Restricted for:			
Capital Projects	\$331,109		\$331,109
Debt Service	913,059		913,059
Other Purposes	7,882,187		7,882,187
Unrestricted	1,361,792	\$2,619,767	3,981,559
<i>Total Net Assets</i>	\$10,488,147	\$2,619,767	\$13,107,914

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government:				
Legislative and Executive	\$2,850,846	\$1,200,285		
Judicial	1,273,910	570,113	\$101,637	
Public Safety	5,389,564	125,073	2,018,393	
Public Works	4,200,563	43,634	3,758,738	\$128,354
Health	3,879,202	382,388	2,346,202	
Human Services	3,599,690	171,473	3,814,710	
Economic Development and Assistance	311,049	64,456	302,998	
Miscellaneous	838,316		98,288	
Capital Outlay	704,468	408,698		110,310
Debt Service:				
Principal Retirement	164,410			
Interest and Fiscal Charges	113,034			
<i>Total Governmental Activities</i>	<u>23,325,052</u>	<u>2,966,120</u>	<u>12,440,966</u>	<u>238,664</u>
Business Type Activities				
Water and Sewer	255,013	293,520		
Sanitary Landfill	1,039,094	48,814		
Emergency Medical Services	1,185,594	1,186,782		
Airport Operations	24,429	31,120		
Putnam Acres	3,900,640	3,681,168		
Assisted Living	22,542	22,531		
<i>Total Business-Type Activities</i>	<u>6,427,312</u>	<u>5,263,935</u>		
<i>Total Primary Government</i>	<u>\$29,752,364</u>	<u>\$8,230,055</u>	<u>\$12,440,966</u>	<u>\$238,664</u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Brookhill Center School
 Mental Health
 911 Systems
 Payment in Lieu of Taxes
 Sales Taxes
 Grants and Entitlements not Restricted to Specific Programs
 Interest
 Transfers and Advances
 Miscellaneous

Total General Receipts and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,650,561)		(\$1,650,561)
(602,160)		(602,160)
(3,246,098)		(3,246,098)
(269,837)		(269,837)
(1,150,612)		(1,150,612)
386,493		386,493
56,405		56,405
(740,028)		(740,028)
(185,460)		(185,460)
(164,410)		(164,410)
(113,034)		(113,034)
<u>(7,679,302)</u>		<u>(7,679,302)</u>
	\$38,507	38,507
	(990,280)	(990,280)
	1,188	1,188
	6,691	6,691
	(219,472)	(219,472)
	<u>(11)</u>	<u>(11)</u>
	<u>(1,163,377)</u>	<u>(1,163,377)</u>
<u>(7,679,302)</u>	<u>(1,163,377)</u>	<u>(8,842,679)</u>
1,587,852		1,587,852
1,082,053		1,082,053
164,219		164,219
479,736		479,736
37,776		37,776
3,695,355		3,695,355
707,128		707,128
485,995		485,995
(918,551)	918,531	(20)
<u>1,140,025</u>	<u>249,408</u>	<u>1,389,433</u>
<u>8,461,588</u>	<u>1,167,939</u>	<u>9,629,527</u>
782,286	4,562	786,848
<u>9,705,861</u>	<u>2,615,205</u>	<u>12,321,066</u>
<u>\$10,488,147</u>	<u>\$2,619,767</u>	<u>\$13,107,914</u>

**Financial Condition
Putnam County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009*

	General	Auto License and Gas Tax	Brookhill Center School	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,361,792	\$1,353,950	\$1,491,243	\$6,281,162	\$10,488,147
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$101,845	\$43,602	\$34,773	\$304,436	\$484,656
Unreserved:					
Undesignated, Reported in:					
General Fund	1,259,947				1,259,947
Special Revenue Funds		1,310,348	1,456,470	4,736,878	7,503,696
Debt Service Fund				913,059	913,059
Capital Projects Funds				326,789	326,789
<i>Total Fund Balances</i>	<u>\$1,361,792</u>	<u>\$1,353,950</u>	<u>\$1,491,243</u>	<u>\$6,281,162</u>	<u>\$10,488,147</u>

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009*

	General	Auto License and Gas Tax	Brookhill Center School	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$1,587,852		\$1,082,053	\$643,955	\$3,313,860
Sales Taxes	3,565,471			129,884	3,695,355
Permissive License Tax		\$128,354			128,354
Charges for Services	1,222,443		277,832	883,681	2,383,956
Licenses and Permits	1,865			95,540	97,405
Fines and Forfeitures	32,020	29,264		14,776	76,060
Intergovernmental	737,968	3,758,738	1,110,445	7,651,253	13,258,404
Payments in Lieu of Taxes	37,776				37,776
Special Assessments				408,699	408,699
Interest	485,995				485,995
Rentals	19,339				19,339
Other	504,941	137,226	26,889	206,098	875,154
<i>Total Receipts</i>	<u>8,195,670</u>	<u>4,053,582</u>	<u>2,497,219</u>	<u>10,033,886</u>	<u>24,780,357</u>
Disbursements					
General Government:					
Legislative and Executive	2,262,369			588,477	2,850,846
Judicial	995,125			278,785	1,273,910
Public Safety	2,940,585			2,448,979	5,389,564
Public Works	69,098	4,022,548		108,917	4,200,563
Health	67,850		2,239,761	1,571,591	3,879,202
Human Services	260,938			3,338,752	3,599,690
Economic Development and Assistance				311,049	311,049
Miscellaneous	568,016			79,845	647,861
Capital Outlay				704,468	704,468
Debt Service:					
Principal Retirement				164,410	164,410
Interest and Fiscal Charges				113,034	113,034
<i>Total Disbursements</i>	<u>7,163,981</u>	<u>4,022,548</u>	<u>2,239,761</u>	<u>9,708,307</u>	<u>23,134,597</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,031,689</u>	<u>31,034</u>	<u>257,458</u>	<u>325,579</u>	<u>1,645,760</u>
Other Financing Sources (Uses)					
Transfers In	42,595			1,045,424	1,088,019
Transfers Out	(647,104)			(1,300,206)	(1,947,310)
Advances In	756,921			682,728	1,439,649
Advances Out	(1,044,715)			(454,194)	(1,498,909)
Other Financing Sources	13,454	139,827		92,251	245,532
Other Financing Uses	(151,390)			(39,065)	(190,455)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,030,239)</u>	<u>139,827</u>		<u>26,938</u>	<u>(863,474)</u>
<i>Net Change in Fund Balances</i>	1,450	170,861	257,458	352,517	782,286
<i>Fund Balances Beginning of Year</i>	<u>1,360,342</u>	<u>1,183,089</u>	<u>1,233,785</u>	<u>5,928,645</u>	<u>9,705,861</u>
<i>Fund Balances End of Year</i>	<u>\$1,361,792</u>	<u>\$1,353,950</u>	<u>\$1,491,243</u>	<u>\$6,281,162</u>	<u>\$10,488,147</u>

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,590,370	\$1,590,370	\$1,587,852	(\$2,518)
Sales Taxes	3,272,500	3,272,500	3,565,471	292,971
Charges for Services	1,264,006	1,264,006	1,222,443	(41,563)
Licenses and Permits	2,040	2,040	1,865	(175)
Fines and Forfeitures	41,400	41,400	32,020	(9,380)
Intergovernmental	738,618	738,618	737,968	(650)
Payments in Lieu of Taxes	45,000	55,000	37,776	(17,224)
Interest	450,000	450,000	485,995	35,995
Rentals			19,339	19,339
Other	528,000	528,000	504,941	(23,059)
Total Receipts	7,931,934	7,941,934	8,195,670	253,736
Disbursements				
General Government:				
Legislative and Executive	2,849,564	2,618,954	2,278,646	340,308
Judicial	1,138,652	1,042,969	1,012,442	30,527
Public Safety	3,532,678	2,987,402	2,988,266	(864)
Public Works	85,352	72,649	71,966	683
Health	61,552	62,433	67,850	(5,417)
Human Services	291,943	291,988	277,187	14,801
Transportation	51,950	42,052		42,052
Miscellaneous	216,300	276,099	569,469	(293,370)
Total Disbursements	8,227,991	7,394,546	7,265,826	128,720
Excess of Receipts Over/(Under) Disbursements	(296,057)	547,388	929,844	382,456
Other Financing Sources (Uses)				
Transfers In	36,660	36,660	42,595	5,935
Transfers Out	(225,000)	(650,881)	(647,104)	3,777
Advances In	568,924	568,924	756,921	187,997
Advances Out		(1,044,715)	(1,044,715)	
Other Sources	10,100	10,100	13,454	3,354
Other Uses	(175,900)	(153,160)	(151,390)	1,770
Total Other Financing Sources (Uses)	214,784	(1,233,072)	(1,030,239)	202,833
Net Change in Fund Balance	(81,273)	(685,684)	(100,395)	585,289
Fund Balance Beginning of Year	1,120,425	1,120,425	1,120,425	
Prior Year Encumbrances Appropriated	239,917	239,917	239,917	
Fund Balance End of Year	\$1,279,069	\$674,658	\$1,259,947	\$585,289

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Auto License and Gas Tax Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Permissive License Tax	\$125,948	\$125,948	\$128,354	\$2,406
Fines and Forfeitures	46,538	46,538	29,264	(17,274)
Intergovernmental	3,796,227	3,796,227	3,758,738	(37,489)
Other			137,226	137,226
<i>Total Receipts</i>	<u>3,968,713</u>	<u>3,968,713</u>	<u>4,053,582</u>	<u>84,869</u>
Disbursements				
Public Works	5,010,000	5,263,725	4,066,150	1,197,575
<i>Excess of Disbursements Over Receipts</i>	<u>(1,041,287)</u>	<u>(1,295,012)</u>	<u>(12,568)</u>	<u>1,282,444</u>
Other Financing Sources				
Other Sources	224,695	224,695	139,827	(84,868)
<i>Net Change in Fund Balance</i>	(816,592)	(1,070,317)	127,259	1,197,576
<i>Fund Balance Beginning of Year</i>	1,149,332	1,149,332	1,149,332	
Prior Year Encumbrances Appropriated	33,757	33,757	33,757	
<i>Fund Balance End of Year</i>	<u>\$366,497</u>	<u>\$112,772</u>	<u>\$1,310,348</u>	<u>\$1,197,576</u>

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Brookhill Center School Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$1,393,743	\$1,393,743	\$1,082,053	(\$311,690)
Charges for Services	582,500	582,500	277,832	(304,668)
Intergovernmental	185,882	185,882	1,110,445	924,563
Other	50,400	50,400	26,889	(23,511)
<i>Total Receipts</i>	<u>2,212,525</u>	<u>2,212,525</u>	<u>2,497,219</u>	<u>284,694</u>
Disbursements				
Health	2,218,674	2,487,305	2,274,534	212,771
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(6,149)</u>	<u>(274,780)</u>	<u>222,685</u>	<u>497,465</u>
Other Financing Sources				
Advances In	18,406	18,406		(18,406)
Other Sources	17,999	17,999		(17,999)
<i>Total Other Financing Sources</i>	<u>36,405</u>	<u>36,405</u>		<u>(36,405)</u>
<i>Net Change in Fund Balance</i>	30,256	(238,375)	222,685	461,060
<i>Fund Balance Beginning of Year</i>	1,210,739	1,210,739	1,210,739	
Prior Year Encumbrances Appropriated	<u>23,046</u>	<u>23,046</u>	<u>23,046</u>	
<i>Fund Balance End of Year</i>	<u>\$1,264,041</u>	<u>\$995,410</u>	<u>\$1,456,470</u>	<u>\$461,060</u>

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009*

	Business-Type Activities			Total Enterprise Funds
	Putnam Acres	Putnam County Emergency Medical Services	Other Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,564,290</u>	<u>\$687,030</u>	<u>\$368,447</u>	<u>\$2,619,767</u>
Net Assets				
Unrestricted	<u>\$1,564,290</u>	<u>\$687,030</u>	<u>\$368,447</u>	<u>\$2,619,767</u>

See accompanying notes to the basic financial statements.

**Financial Condition
Putnam County**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009*

	Business-Type Activities			Total Enterprise Funds
	Putnam Acres	Putnam County Emergency Medical Services	Other Enterprise Funds	
Operating Receipts				
Charges for Services	\$3,681,168	\$1,186,782	\$395,985	\$5,263,935
Other Operating Receipts	58,912		38,537	97,449
<i>Total Operating Receipts</i>	<u>3,740,080</u>	<u>1,186,782</u>	<u>434,522</u>	<u>5,361,384</u>
Operating Disbursements				
Personal Services	2,714,719	685,436	519,673	3,919,828
Contractual Services	663,828	167,324	183,172	1,014,324
Materials and Supplies	206,661	280,110	288,496	775,267
Capital Outlay	113,484	52,724	125,244	291,452
<i>Total Operating Disbursements</i>	<u>3,698,692</u>	<u>1,185,594</u>	<u>1,116,585</u>	<u>6,000,871</u>
<i>Operating Income (Loss)</i>	<u>41,388</u>	<u>1,188</u>	<u>(682,063)</u>	<u>(639,487)</u>
Non-Operating Receipts (Disbursements)				
Bond Retirement	(70,000)		(62,114)	(132,114)
Interest and Fiscal Charges	(8,400)		(94,930)	(103,330)
Other Non-Operating Revenue	18,075		133,884	151,959
Other Non-Operating Expense	(123,548)		(67,449)	(190,997)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(183,873)</u>		<u>(90,609)</u>	<u>(274,482)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(142,485)</u>	<u>1,188</u>	<u>(772,672)</u>	<u>(913,969)</u>
Advances In			69,260	69,260
Advances Out			(10,000)	(10,000)
Transfers In	5,217		934,291	939,508
Transfers Out		(20)	(80,217)	(80,237)
<i>Total Transfers and Advances</i>	<u>5,217</u>	<u>(20)</u>	<u>913,334</u>	<u>918,531</u>
<i>Change in Net Assets</i>	<u>(137,268)</u>	<u>1,168</u>	<u>140,662</u>	<u>4,562</u>
<i>Net Assets Beginning of Year</i>	<u>1,701,558</u>	<u>685,862</u>	<u>227,785</u>	<u>2,615,205</u>
<i>Net Assets End of Year</i>	<u>\$1,564,290</u>	<u>\$687,030</u>	<u>\$368,447</u>	<u>\$2,619,767</u>

See accompanying notes to the basic financial statements.

Financial Condition
Putnam County

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2009

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$12,033</u>	<u>\$4,591,327</u>
Net Assets		
Unrestricted	<u>\$12,033</u>	<u>\$4,591,327</u>

See accompanying notes to the basic financial statements.

Financial Condition
Putnam County

Statement of Changes in Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2009

	<u>Private Purpose Trust</u>
Additions	
Miscellaneous	\$2,916
Deductions	
Other	<u>1,245</u>
Change in Net Assets	1,671
<i>Net Assets - Beginning of Year</i>	<u>10,362</u>
<i>Net Assets - End of Year</i>	<u><u>\$12,033</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Note 1 – Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

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

Component Unit

Based on the foregoing criteria, the Brookhill Center Industries, Inc. (the Workshop) is a component unit of the County. See note 20 for a presentation of condensed financial statement information of the Workshop for the year ended December 31, 2009.

Potential Component Units Reported as Agency Funds

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 1 – Reporting Entity (Continued)

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

C. Jointly Governed Organizations and Public Entity Risk Pools

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

Multi-Area Narcotics (MAN)
Blanchard River Stream Enhancement Project
Ottawa River Stream Enhancement Project
Northern Ohio Juvenile Community Corrections Facility
Neighborhood Stabilization Program Joint Cooperating Agreement
County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Service Corporation (CCAOSC)
County Employee Benefit Consortium of Ohio, Inc (CEBCO)

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

2. Fund Financial Statements

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

2. Proprietary Funds

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

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

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

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

3. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County had an unclaimed monies fund in 2009. Agency funds are purely custodial in nature and are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

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

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

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

E. Cash and Investments

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

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

During 2009, the County invested in nonnegotiable certificates of deposit. Investments are reported at cost.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 were \$485,995 which includes \$420,483 assigned from other County funds.

F. Restricted Assets

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

M. Net Assets

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

N. Fund Balance Reserves

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

O. Interfund Transactions

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds.

Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

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

Note 4 – Budgetary Basis of Accounting

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

General Fund	\$101,845
Major Special Revenue Funds:	
Auto License and Gasoline Tax	43,602
Brookhill Center School	34,773

Note 5 – Deposits and Investments

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 – Deposits and Investments (Continued)

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

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

At year end, the County had \$117,259 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,289,631 of the County's bank balance of \$17,539,631 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 – Deposits and Investments (Continued)

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

Note 6 – Permissive Sales and Use Tax

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles, not subject to the sales tax. The allocation of the sales tax is 95 percent to the County's General Fund and 5 percent to the Capital improvement Capital Projects Fund. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies the amount of the tax to be returned to the County to the State Auditor. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The last year for filing tangible personal property was 2008, therefore starting in tax year 2009 there were no tangible personal property tax receipts, nor will there be any in the future due to the phase out of the Tangible Personal Property Tax.

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

The full tax rate for all County operations for the year ended December 31, 2009, was \$7.75 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 – Property Taxes (Continued)

Real Property:	
Residential	\$413,419,220
Agriculture	134,585,580
Commercial/Industrial/Mineral	57,365,920
Public Utility Property:	
Real	499,130
Personal	24,194,100
Tangible Personal Property	605,890
Total Assessed Value	<u><u>\$630,669,840</u></u>

Note 8 – Interfund Receivables/Payables

Interfund balances at December 31, 2009, consisted of receivables due the General Fund in the amount of \$404,632 payable from Other Governmental Funds.

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

Note 9 – Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the County contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Other Property Insurance	
Buildings – Contents	Replacement Cost
Valuable Papers	1,000,000
Extra Expense	1,000,000
Electronic Data Processing	Replacement Cost
Contractors Equipment	Replacement Cost
Misc. Inland Marine	Replacement Cost
Motortruck Cargo	100,000
Flood and Earthquake	Replacement Cost Value
Auto Physical Damage	Actual Cash Value
Automatic Acquisition	5,000,000
Crime Insurance	1,000,000

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 – Risk Management (Continued)

Faithful Performance	
Money and Securities	
Depositor's Forgery	
Money Order and Counterfeit Paper	
Excess Liability	1,000,000 – 5,000,000

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

For 2009, the County Commissioners Association of Ohio Workers' Compensation Group Rating Program, a worker's compensation group rating plan (Plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

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

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

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

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

Note 10 – Defined Benefit Pension Plan

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 – Defined Benefit Pension Plan (Continued)

20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined

plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

For the year ended December 31, 2009 the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement and public safety contributed 10.1 percent of their annual covered salary. The County's contribution rate for pension benefits for 2009 was 14 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 17.63 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Counties required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$1,045,121, \$921,776, and \$1,091,063 respectively; 100 percent has been contributed for 2009, 2008, and 2007.

Note 11 – Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14 percent of covered payroll (17.63 percent for public safety and law enforcement); the portion of employer contributions allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009 for all employers.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between 0.5 to 3 percent annually for the next six years and 4 percent annually after six years.

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 – Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans was 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual employer contributions for 2009 which were used to fund postemployment benefits were \$750,515. The actual contributions and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

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

Note 12 – Debt

The County's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds:					
Airport Improvement Bonds (Original Amount \$143,000)	7.625%	\$14,345	\$7,150	\$7,195	\$7,195
Human Services Building Acquisition (Original Amount \$237,000)	7.625%	23,700	11,850	11,850	11,850
Human Services Building Addition (Original Amount \$250,000)	6.625%	29,411	14,706	14,705	14,705
Schnipke Engraving Sewer Line (Original Amount \$169,003.48)	5.25%	111,413	10,704	100,709	11,279
Jail Bonds (Original Amount \$2,850,000)	Variable	2,115,000	120,000	1,995,000	130,000
Total Governmental Activities		<u>2,293,869</u>	<u>164,410</u>	<u>2,129,459</u>	<u>175,029</u>
<u>Business-Type Activities</u>					
County Home Improvement Bonds (Original Amount \$1,050,000)	6.00%	140,000	70,000	70,000	70,000
Sewer Dist. Imprv. Bds. Series 1999 (Original Amount \$270,000)	4.95%	139,132	17,114	122,018	17,961
Landfill Bonds (Original Amount \$2,050,000)	Variable	1,785,000	45,000	1,740,000	45,000
Total Business-Type Activities		<u>2,064,132</u>	<u>132,114</u>	<u>1,932,018</u>	<u>132,961</u>
Total General Obligation Bonds		<u>\$4,358,001</u>	<u>\$296,524</u>	<u>\$4,061,477</u>	<u>\$307,990</u>

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 12 – Debt (Continued)

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

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

Year	General Obligation Bonds	
	Principal	Interest
2010	\$175,029	\$105,191
2011	141,878	96,818
2012	152,500	90,671
2013	158,175	82,996
2014	163,876	9,796
2015-2019	917,996	244,552
2020-2021	420,005	62,500
	\$2,129,459	\$692,524

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

Year	General Obligation Bonds	
	Principal	Interest
2010	\$132,961	\$96,483
2011	68,850	89,526
2012	69,784	86,468
2013	70,763	82,988
2014	76,791	79,461
2015-2019	337,869	343,882
2020-2024	405,000	255,250
2025-2029	525,000	142,500
2030-2031	245,000	18,500
	\$1,932,018	\$1,195,057

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 13 – Leases

limitations at December 31, 2009, were an overall debt margin of \$10,427,995 and an unvoted debt margin of \$3,838,751.

On September 30, 2009 the County entered into an irrevocable letter of credit for \$2,003,005 that matures on September 1, 2010. As of December 31, 2009 there was no outstanding balance. The letter of credit was issued to guaranty payment of the costs associated with the closure and post-closure care of the County landfill. The landfill was closed during 2001.

The County leases buildings, vehicles and other equipment under noncancelable leases. The County disbursed \$70,513 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

Year	Amount
2010	\$70,513
2011	70,513
2012	49,660
2013	49,660
Total	<u>\$240,346</u>

Note 14 – Postclosure Costs

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

The County is required by state and federal laws and regulations to provide assurances that financial resources will be available to provide for postclosure care and remediation or containment of environmental hazards at the landfill. The County obtains an annual letter of credit to make funding available for postclosure costs. There were no such costs in 2009.

Note 15 – Interfund Transfers

During 2009 the following transfers were made:

		Transfers Out			
		General	Other Governmental	Other Enterprise	Total
Transfers In	Governmental Activities:				
	General		\$42,595		\$42,595
	Other Governmental	\$626,166	344,258	\$75,000	1,045,424
	Total Governmental Activities	626,166	386,853	75,000	1,088,019
	Business-Type Activities:				
	Putnam Acres			5,217	5,217
	Other Enterprise	20,938	913,353		934,291
	Total Business-Type Activities	20,938	913,353	5,217	939,508
	Total	<u>\$647,104</u>	<u>\$1,300,206</u>	<u>\$80,217</u>	<u>\$2,027,527</u>

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 15 – Interfund Transfers (Continued)

Transfers to the County's agency funds from the Putnam County Emergency Medical Services Fund in the amount of \$20 are not included in totals above. However, they are included in transfers out on the financial statements.

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

Note 16 – Construction and Contractual Commitments

Contractor	Project	Original Contract Amount	Contract Balance 12/31/09
Jim's Excavating	Sylvester Liebrecht Ditch #927	\$37,300	\$27,760
All Purpose Contracting	Tom Krietemeyer Ditch #931	27,960	27,960
Rex Calvelage	Roger Landin Ditch #937	10,147	10,147

Note 17 – Contingent Liabilities

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

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

Note 18 – 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 the Defiance County Sheriff.

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 2009. The Hancock County Auditor serves as fiscal agent for this project.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 18 – Jointly Governed Organizations (Continued)

Ottawa River Stream Enhancement Project

The Joint Board of County Commissioners for the Ottawa River Stream Enhancement Project is a jointly governed organization among five counties. The Joint Board consists of fifteen members, the three county commissioners of each of the five counties. The Joint Board was formed to approve construction on the Ottawa River, Hog Creek, and Little Hog Creek. Revenues are generated by assessments and a state grant. The County did contribute to the project during 2009. The Allen County Auditor serves as fiscal agent for this project.

Northern Ohio Juvenile Community Corrections Facility

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

Neighborhood Stabilization Program Joint Cooperating Agreement

The Neighborhood Stabilization Program Joint Cooperating Agreement is a jointly governed organization between Hancock County, City of Findlay, Allen County and Putnam County. Hancock County is the Lead Community responsible for administering the grant provided from the State of Ohio Department of Development to implement project activities identified in the Region 7 Neighborhood Stabilization Program, as a result of the enactment of Title III of Division B of the Housing and Economic Recovery Act of 2008. This agreement covers a time period of April 1, 2009 to March 30, 2013, or date to which the program is extended by the State of Ohio.

Note 19 – Public Entity Risk Pools

A. County Risk Sharing Authority, Inc.

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

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 19 – Public Entity Risk Pools (Continued)

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

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

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

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

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

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

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

Note 20 – Brookhill Workshop, Inc.

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

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 20 – Brookhill Workshop, Inc. (Continued)

Condensed Balance Sheet -
Brookhill Workshop

Assets:	
Current Assets	\$857,659
Property, Plant, and Equipment	33,994
Total Assets	\$891,653
Liabilities:	
Current Liabilities	\$27,407
Equity:	
Unrestricted Net Assets	864,246
Total Liabilities and Net Assets	\$891,653

Condensed Statement of Activities -
Brookhill Workshop

Operating Revenues	
Operating Revenues	\$120,262
Operating Expenses	173,041
Net Increase in Net Assets	(52,779)
Net Assets, January 1	917,025
Net Assets, December 31	\$864,246

Note 21 – Related Party Transactions

During 2009, the County provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of its programs to the Workshop. The Workshop, a component unit of the County, did not attempt to value these items for 2009. The Workshop should have recorded operating revenues and expenses at cost or fair market value, as applicable, to the extent the contribution was related to the vocational purpose of the Workshop. Additional habilitative services provided directly to Workshop clients by the County was also not calculated.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR Pass-through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<i>Jobs and Family Services</i>			
Supplemental Nutrition Assistance Program	10.551	G-1011-09-5103/G-1011-11-5103	\$3,075
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1011-09-5103/G-1011-11-5103	137,455
ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1011-09-5103/G-1011-11-5103	12,386
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>149,841</u>
Total Department of Agriculture			<u>152,916</u>
UNITED STATES DEPARTMENT OF COMMERCE			
<i>Passed through the Ohio Emergency Management Agency</i>			
<i>Emergency Management Agency</i>			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0053	<u>1,395,079</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct Program</i>			
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810		73,695
<i>Passed through the Ohio Department of Public Safety</i>			
<i>County Sheriff</i>			
ARRA - Eward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803		<u>19,584</u>
Total Department of Justice			<u>93,279</u>
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
<i>County Commissioners</i>			
HOME Investment Partnership Program	14.239	B-C-06-064-2	69,565
Community Development Block Grant	14.228	B-C-06-064-1	9,795
Community Development Block Grant	14.228	B-E-08-064-1	150,991
Community Development Block Grant	14.228	B-F-08-064-1	123,300
Community Development Block Grant	14.228	B-F-07-064-1	18,912
Community Development Block Grant	14.228	C-06-064-1	840
Community Development Block Grant (Revolving Loans)	14.228		<u>155,362</u>
Total Community Development Block Grant			<u>459,200</u>
Total Department of Housing and Urban Development			<u>528,765</u>
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed through the Montgomery County WIA Area 7</i>			
<i>Jobs and Family Services</i>			
Employment Service/Wagner-Peyser Funded Activities	17.207		924
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult Program	17.258		52,340
Workforce Investment Act - Adult Program Administrative	17.258		3,320
ARRA - Workforce Investment Act - Adult Program	17.258		22,303
ARRA - Workforce Investment Act - Adult Program Administrative	17.258		441
Workforce Investment Act - One Stop Resource Sharing - Multiple Grants	17.258		5
Workforce Investment - Adult Total			<u>78,409</u>
Workforce Investment Act - Youth Activities	17.259		56,413
Workforce Investment Act - Youth Activities Administrative	17.259		1,995
ARRA - Workforce Investment Act - Youth Activities Administrative	17.259		66,419
ARRA - Workforce Investment Act - Youth Activities Administrative	17.259		1,718
Workforce Investment - Youth Total			<u>126,545</u>
Workforce Investment Act - Dislocated Worker	17.260		53,235
Workforce Investment Act - Dislocated Worker Administrative	17.260		3,861
ARRA - Workforce Investment Act - Dislocated Worker	17.260		75,657
ARRA - Workforce Investment Act - Dislocated Worker Administrative	17.260		299
Workforce Investment - Dislocated Worker Total			<u>133,052</u>
Workforce Investment Act - National Emergency Grant	17.260		655,461
Workforce Investment Act - Rapid Response	17.260		217,315
Total Workforce Investment Act - Dislocated Worker			<u>1,005,828</u>
Total Workforce Investment Act Cluster			<u>1,210,782</u>
Disabled Veterans' Outreach Program	17.801		255
Local Veterans' Employment Representative Program	17.804		12
Total Department of Labor			<u>1,211,973</u>

**FINANCIAL CONDITION
PUTNAM COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct Program</i>			
Airport Improvement Program	20.106	3-39-0110-0608	1,026
Airport Improvement Program	20.106	3-39-0110-0709	103,284
Total Airport Improvement Program			<u>104,310</u>
<i>Passed through the Ohio Department of Transportation</i>			
<u>County Engineer</u> Highway Planning and Construction	20.205	09NO97	263,438
Total Department of Transportation			<u>367,748</u>
UNITED STATES ELECTION ASSISTANCE COMMISSION			
<i>Passed through the Ohio Secretary of State</i>			
<u>Board of Elections</u> Help America Vote Act Requirements Payments	90.401		1,576
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<u>Jobs and Family Services</u>			
Promoting Safe and Stable Families	93.556	G-1011-09-5103/G-1011-11-5103	26,568
Temporary Assistance for Needy Families	93.558	G-1011-09-5103/G-1011-11-5103	995,578
Child Care and Development Fund Cluster:			
Child Care and Development Block Grant	93.575	G-1011-09-5103/G-1011-11-5103	46,209
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	G-1011-09-5103/G-1011-11-5103	143,846
ARRA - Child Care and Development Block Grant	93.713	G-1011-09-5103/G-1011-11-5103	38,000
Total Child Care and Development Fund Cluster			<u>228,055</u>
Child Support Enforcement			
ARRA - Child Support Enforcement	93.563	G-1011-09-5103/G-1011-11-5103	204,951
Total Child Support Enforcement	93.563	G-1011-09-5103/G-1011-11-5103	60,521
			<u>265,472</u>
Child Welfare Services - State Grants			
	93.645	G-1011-09-5103/G-1011-11-5103	40,484
Foster Care - Title IV-E			
ARRA - Foster Care - Title IV-E	93.658	G-1011-09-5103/G-1011-11-5103	113,211
Total Foster Care - Title IV-E	93.658	G-1011-09-5103/G-1011-11-5103	7,165
			<u>120,376</u>
Adoption Assistance			
Social Services Block Grant	93.659	G-1011-09-5103/G-1011-11-5103	23,939
Child Abuse and Neglect State Grants	93.667	G-1011-09-5103/G-1011-11-5103	260,883
Medical Assistance Program	93.669	G-1011-09-5103/G-1011-11-5103	1,979
	93.778	G-1011-09-5103/G-1011-11-5103	123,339
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
<u>Developmental Disabilities Board</u>			
Social Services Block Grant	93.667		22,175
Medical Assistance Program			
ARRA - Medical Assistance Program	93.778		1,674
Medical Assistance Program Total	93.778		58,669
			<u>60,343</u>
<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		104,191
Medical Assistance Program	93.778		34,830
<i>Passed through the Ohio Department of Mental Health</i>			
<u>Alcohol, Drug Addiction, and Mental Health Services Board</u>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		14,500
Block Grants for Community Mental Health Services	93.958		41,369
Social Services Block Grant	93.667		12,338
Medical Assistance Program	93.778		327,855
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund - CFDA 93.596			<u>158,346</u>
Total Medical Assistance Program - CFDA 93.778			<u>546,367</u>
Total Social Service Block Grants - CFDA 93.667			<u>295,396</u>
Total Department of Health and Human Services			<u>2,704,274</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through the Ohio Emergency Management Agency</i>			
<u>Emergency Management Agency</u>			
Citizen Corps	97.053		4,248
State Homeland Security Program	97.073		22,630
Total Department of Homeland Security			<u>26,878</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>6,482,488</u></u>

The accompanying notes are an integral part of this schedule

**FINANCIAL CONDITION
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

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

The County has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. 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 Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property and by machinery and equipment.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$293,302
Loans made	148,811
Loan principal repaid	<u>37,778</u>
Ending loans receivable balance as of December 31, 2009	<u>\$404,335</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$313,098
Administrative costs expended during 2009	6,551

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2009 \$244,504 are more than 60 days past due.

NOTE C - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

Putnam County
245 East Main Street
Ottawa, Ohio 45875

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 26, 2010, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-002 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 26, 2010.

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

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



Mary Taylor, CPA
Auditor of State

August 26, 2010



Mary Taylor, CPA

Auditor of State

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

Putnam County
245 East Main Street
Ottawa, Ohio 45875

To the Board of County Commissioners:

Compliance

We have audited the compliance of Putnam County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, Putnam County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as item 2009-004.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control

over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2009-004 to be a material weakness.

We also noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated August 26, 2010.

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



Mary Taylor, CPA
Auditor of State

August 26, 2010

**FINANCIAL CONDITION
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control 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?	Yes
(d)(1)(vii)	Major Programs (list):	Public Safety Interoperable Communications Grant Program CFDA # 11.555 Workforce Investment Act Cluster CFDA #17.258, 17.259, 17.260 Temporary Assistance for Needy Families CFDA # 93.558 Social Services Block Grant CFDA # 93.667 Medical Assistance Program CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2009-001

Noncompliance Citation

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

Ohio Administrative Code § 117-2-03(B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the County to file annual financial reports prepared in accordance using generally accepted accounting principles (GAAP).

The County prepares its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

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

Officials' Response:

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

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

FINDING NUMBER 2009-002

Material Weakness

Monitoring Financial Statements

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

The 2009 financial statements contained material errors, such as the following:

- Bank balances classified as Agency Funds in the amount of \$237,690 were not recorded as Cash on the Statement of Fiduciary Net Assets.
- Bond Retirement and Interest and Fiscal Charges expenses in the amount of \$88,043 were inappropriately misclassified on the Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets in the Other Enterprise Funds.
- Advances In revenue in the amount of \$139,997 was recorded as Intergovernmental Revenue on the Statement of Activities and in the Other Governmental Funds.
- Miscellaneous Expenditures in the amount of \$328,140 were comingled with other expenditures in the General Fund on the Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis.

Adjusting entries ranging from \$1 to \$328,140 were posted to the financial statements to correct these and other errors.

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

Officials' Response:

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

FINDING NUMBER 2009-003

Finding for Recovery

Ohio Revised Code § 3501.17(B) states, in part, the compensation of the regular employees of a board of elections, other than compensation for overtime worked, shall be paid from the county treasury in the same manner as other county expenses are paid.

Joseph Burkhart is the full-time Information Technology Director for the County. In his capacity as the County's Information Technology Director, Mr. Burkhart is a regular employee of the County and his salary is to be paid from the Putnam County General Fund.

During the course of two elections in 2009, Mr. Burkhart provided information technology services to the Putnam County Board of Elections in his capacity as the County's Information Technology Director. The salary earned by Mr. Burkhart for providing such information technology services to the Putnam County Board of Elections was not paid from the County's General Fund in the same manner as other County expenses are paid. Instead, Mr. Burkhart's salary for providing such information technology services to the Putnam County Board of Elections was charged back to political subdivisions.

In accordance with the forgoing facts and pursuant to **Ohio Revised Code § 117.28**, a Finding for Recovery for public monies due but not collected is hereby issued against the Putnam County General Fund in the amount of \$1,413, and in favor of the following subdivisions by the corresponding amounts:

Subdivision	Amount
Village of Belmore	\$4
Village of Cloverdale	3
Village of Columbus Grove	6
Village of Continental	5
Village of Dupont	3
Village of Fort Jennings	4
Village of Gilboa	4
Village of Glandorf	5
Village of Kalida	6
Village of Leipsic	6
Village of Miller City	4
Village of Ottawa	20
Village of Ottoville	5
Village of Pandora	6
Village of West Leipsic	5
Blanchard Township	4
Greensburg Township	4
Jackson Township	4
Jennings Township	4
Liberty Township	5
Monroe Township	5
Monterey Township	11
Ottawa Township	32
Palmer Township	4
Perry Township	3
Pleasant Township	12
Riley Township	15
Sugar Creek Township	5
Union Township	5
Van Buren Township	11
Columbus Grove Local School District	300
Continental Local School District	22
Jennings Local School District	14
Kalida Local School District	166
Leipsic Local School District	31
McComb Local School District	4
Miller City-New Cleveland Local School District	26
Ottawa-Glandorf Local School District	57
Ottoville Local School District	104
Pandora-Gilboa Local School District	29
Patrick Henry Local School District	4
Paulding Exempted Village School District	8
Wayne Trace Local School District	5
Vantage Career Center	433
Total Amount Over Collected	\$1,413

Officials' Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2009-004

Noncompliance Citation / Material Weakness

OMB Circular A-133, Subpart C, Section .300(d) states the auditee shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Section .310.

OMB Circular A-133, Subpart C, Section .310(b) states the auditee shall prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

During fiscal year 2009, the County prepared the Federal Awards Expenditure Schedule; however, the County had various overstatements, understatements, and omissions. In net aggregate, the County's federal schedule was understated by \$2,493,339 of the total \$6,482,488 federal expenditures.

Errors in the Federal Award Expenditures Schedule resulted in inaccurate reporting of the federal awards under OMB Circular A-133 requiring audit adjustments to the federal schedule.

We recommend the County ensure proper reporting of federal expenditures, which includes reporting the proper amount of expenditures; federal awarding agencies; pass-through entity names and numbers (where applicable); and the Catalog of Federal Domestic Assistance (CFDA) numbers. Source documentation should additionally be maintained to support the County's schedule.

Officials' Response:

See Corrective Action Plan on the following page.

**FINANCIAL CONDITION
PUTNAM COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2009**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2009-004	The County understands the importance of an accurate federal schedule and will designate and train an individual to take responsibility for the preparation of a complete and accurate federal schedule for future audits.	9/30/10	Kim Nordhaus, Deputy Auditor Putnam County Auditor's Office

**FINANCIAL CONDITION
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-001	OAC §117-2-3(B) reporting on basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as item 2009-001.
2008-002	Financial Reporting recommendation for financial statement errors.	No	Finding has not been corrected and is repeated in this report as item 2009-002.



Mary Taylor, CPA
Auditor of State

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
SEPTEMBER 21, 2010**