



Dave Yost • Auditor of State



**PUTNAM COUNTY**  
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# Dave Yost • 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, Ohio (the County), as of and for the year ended December 31, 2011, 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, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof 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 accounting basis Note 2 describes.

As described in Note 4, during 2011 the County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2012, 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.

We conducted our audit to opine on the County's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, governmental activities, and long-term debt. The federal awards expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

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

**Dave Yost**  
Auditor of State

September 11, 2012

**PUTNAM COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**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, 2011, 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 2011 are as follows:

*Overall:*

- Total net assets increased \$1,728,093 with Governmental Activities increasing by \$1,281,187 and Business-Type Activities increasing by \$446,906.
- Total cash receipts were \$30,790,674 in 2011.
- Total program cash disbursements were \$29,062,581 in 2011.

*Governmental Activities:*

- Total program cash receipts were \$14,602,156 in 2011, while program cash disbursements were \$22,931,470.
- Program cash disbursements were primarily composed of Public Safety, Public Works, and Health related cash disbursements which totaled \$13,545,853 in 2011.

*Business-Type Activities:*

- Total cash receipts were \$6,578,017 for Business Activities, while corresponding cash disbursements were \$6,131,111. 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.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
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 2011, 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 Fund and the Landfill Closure Fund. Business-type activities are financed by a fee charged to the customers receiving the service.



**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
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 Landfill Closure 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 2011 compared to the prior year on a cash basis. The 2011 Governmental Activities reflect the Fund Structure changes noted in Note 4 to the financial statements as a result of the implementation of GASB Statement 54. These changes were not applied to the 2010 information.

Table 1  
Net Cash Assets

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>	
	2011	2010	2011	2010
<i>Assets</i>				
Cash and Cash Equivalents	<u>\$12,372,509</u>	<u>\$11,081,670</u>	<u>\$2,994,604</u>	<u>\$2,547,698</u>
<i>Net Cash Assets</i>				
Restricted for:				
Capital Projects	347,839	383,548		
Debt Service	997,077	323,038		
Other Purposes	9,104,767	8,224,089		
Unrestricted	<u>1,922,826</u>	<u>2,150,995</u>	<u>2,994,604</u>	<u>2,547,698</u>
<i>Total Net Assets</i>	<u>\$12,372,509</u>	<u>\$11,081,670</u>	<u>\$2,994,604</u>	<u>\$2,547,698</u>

Total assets increased by \$1,728,093.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2011 and 2010 for governmental activities, and business-type activities. The 2011 Governmental Activities reflect the Fund Structure changes noted in Note 4 to the financial statements as a result of the implementation of GASB Statement 54. These changes were not applied to the 2010 information.

Table 2  
Changes In Net Cash Assets

	2011		2010	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<i>Cash Receipts</i>				
<i>Program Cash Receipts</i>				
Charges For Services and Sales	\$ 3,145,611	\$ 5,247,132	\$ 3,134,643	\$ 5,398,271
Operating Grants and Contributions	11,325,454		10,557,748	
Capital Grants and Contributions	131,091	71,155	163,422	
<b>Total Program Cash Receipts</b>	<b>14,602,156</b>	<b>5,318,287</b>	<b>13,855,813</b>	<b>5,398,271</b>
<i>General Cash Receipts and Transfers</i>				
Property Taxes	3,769,631		3,526,191	
Payment in Lieu of Taxes	11,373		31,262	
Sales Taxes	4,715,284		3,961,289	
Grants and Entitlements	695,272		931,815	
Interest Receipts	125,399		325,112	
Bond Proceeds			1,195,000	
Bond Premium and Accrued Interest			29,390	
Miscellaneous	1,503,282	50,477	1,180,418	189,983
Transfers/Advances In (Out)	(1,209,740)	1,209,253	(674,265)	674,265
<b>Total General Cash Receipts, Transfers and Advances</b>	<b>9,610,501</b>	<b>1,259,730</b>	<b>10,506,212</b>	<b>864,248</b>
<b>Total Cash Receipts, Transfers and Advances</b>	<b>24,212,657</b>	<b>6,578,017</b>	<b>24,362,025</b>	<b>6,262,519</b>
<i>Cash Disbursements</i>				
<i>Program Cash Disbursements</i>				
<i>General Government</i>				
Legislative and Executive	2,753,503		2,937,135	
Judicial	1,380,212		1,295,026	
Public Safety	4,375,910		4,159,091	
Public Works	4,634,750		4,172,581	
Health	4,535,193		4,132,432	
Human Services	2,480,911		3,053,183	
Economic Development	578,133		346,570	
Miscellaneous	1,080,514		895,853	
Capital Outlay	851,381		394,481	
<i>Debt Service:</i>				
Principal Retirement	230,000		374,433	
Interest and Fiscal Charges	30,963		33,327	
Payment to Bond Escrow - Principal			1,735,000	
Payment to Bond Escrow - Interest and Fiscal			190,850	
Bond Issuance Costs			48,540	
Water and Sewer		350,346		400,507
Sanitary Landfill		366,504		894,566
Emergency Medical Services		1,354,623		1,096,646
Airport Operations		35,987		16,027
Putnam Acres		4,023,651		3,926,842
Assisted Living				
<b>Total Cash Disbursements</b>	<b>22,931,470</b>	<b>6,131,111</b>	<b>23,768,502</b>	<b>6,334,588</b>
<b>Increase (Decrease) In Net Cash Assets</b>	<b>1,281,187</b>	<b>446,906</b>	<b>593,523</b>	<b>(72,069)</b>
Net Cash Assets at Beginning of Year	11,091,322	2,547,698	10,488,147	2,619,767
<b>Net Cash Assets at End of Year</b>	<b>\$ 12,372,509</b>	<b>\$ 2,994,604</b>	<b>\$ 11,081,670</b>	<b>\$ 2,547,698</b>

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
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 15.6 percent and 19.5 percent, respectively, of cash receipts for governmental activities for Putnam County in fiscal year 2011. Operating grants and contributions made up 46.8 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 19.1, 20.2 and 19.8 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

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government				
Legislative and Executive	\$2,753,503	\$1,501,151	\$2,937,135	\$1,763,048
Judicial	1,380,212	596,801	1,295,026	490,403
Public Safety	4,375,910	3,071,395	4,159,091	3,233,628
Public Works	4,634,750	215,943	4,172,581	146,165
Health	4,535,193	1,231,812	4,132,432	1,716,419
Human Services	2,480,911	168,028	3,053,183	(460,382)
Economic Development	578,133	34,704	346,570	106,243
Miscellaneous	1,080,514	591,477	895,853	650,392
Capital Outlay	851,381	657,040	394,481	(115,377)
Debt Service:				
Principal Retirement	230,000	230,000	374,433	374,433
Interest and Fiscal Charges	30,963	30,963	33,327	33,327
Payment to Bond Escrow - Principal			1,735,000	1,735,000
Payment to Bond Escrow - Interest and Fiscal			190,850	190,850
Bond Issuance Costs			48,540	48,540
Total Cash Disbursements	<u>\$22,931,470</u>	<u>\$8,329,314</u>	<u>\$23,768,502</u>	<u>\$9,912,689</u>

**Business-Type Activities**

Business-type activities include care and treatment of the elderly and disabled county residents at the Putnam Acres Care Center and costs of the Landfill Closure. Overall Net Assets increased \$446,906 from 2010 to 2011 as a result of transfers from the General Fund. Program receipts did not support business-type activities. During 2011 program disbursements exceeded program receipts by \$812,824.

**PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED  
(Continued)**

**The County's Funds**

Total governmental funds had receipts and other financing sources of \$27,892,779 and disbursements and other financing uses of \$26,611,592. The net change in fund balance for the year increased the most in the Other Governmental Funds, where the cash balance went from \$5,820,737 in 2010 to \$6,842,346 for 2011 mostly as a result of more transfers from other funds. For the General Fund, disbursements exceeded receipts in the amount of \$450,539. 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 \$124,572 and \$585,545, respectively, resulted in governmental fund balances increasing \$1,281,187.

**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 \$9,165,812, which were the same as original budgeted receipts. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$10,363,227, \$585,093 below cash receipts, and \$953,580 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 \$851,381 during fiscal year 2011.

**Debt**

At December 31, 2011, the County's outstanding debt included \$985,000 in general obligation bonds payable from governmental activities, and \$1,730,207 in general obligation bonds payable from business-type activities. During fiscal year 2011, the County paid off the original portion of the jail bonds. The 2010 refinanced portion of the jail bonds has a maturity date of 2015. For further information regarding the County's debt, refer to Note 14 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](mailto:putcoaud@bright.net).

**Putnam County**

*Statement of Net Assets - Cash Basis  
December 31, 2011*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$12,372,509</u>	<u>\$2,994,604</u>	<u>\$15,367,113</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$347,839		\$347,839
Debt Service	997,077		997,077
Other Purposes	9,104,767		9,104,767
Unrestricted	<u>1,922,826</u>	<u>\$2,994,604</u>	<u>4,917,430</u>
<i>Total Net Assets</i>	<u>\$12,372,509</u>	<u>\$2,994,604</u>	<u>\$15,367,113</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2011*

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$2,753,503	\$1,252,352		
Judicial	1,380,212	652,051	\$131,360	
Public Safety	4,375,910	356,403	948,112	
Public Works	4,634,750	56,222	4,231,494	\$131,091
Health	4,535,193	372,437	2,930,944	
Human Services	2,480,911	221,448	2,091,435	
Economic Development and Assistance	578,133	40,357	503,072	
Miscellaneous	1,080,514		489,037	
Capital Outlay	851,381	194,341		
Debt Service:				
Principal Retirement	230,000			
Interest and Fiscal Charges	30,963			
<i>Total Governmental Activities</i>	<u>22,931,470</u>	<u>3,145,611</u>	<u>11,325,454</u>	<u>131,091</u>
<b>Business Type Activities</b>				
Water and Sewer	350,346	306,379		
Sanitary Landfill	366,504	323,324		
Emergency Medical Services	1,354,623	1,250,661		
Airport Operations	35,987	27,255		
Putnam Acres	4,023,651	3,339,513		71,155
<i>Total Business-Type Activities</i>	<u>6,131,111</u>	<u>5,247,132</u>		<u>71,155</u>
<i>Total Primary Government</i>	<u>\$29,062,581</u>	<u>\$8,392,743</u>	<u>\$11,325,454</u>	<u>\$202,246</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

*Restated 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>
(\$1,501,151)		(\$1,501,151)
(596,801)		(596,801)
(3,071,395)		(3,071,395)
(215,943)		(215,943)
(1,231,812)		(1,231,812)
(168,028)		(168,028)
(34,704)		(34,704)
(591,477)		(591,477)
(657,040)		(657,040)
(230,000)		(230,000)
(30,963)		(30,963)
<u>(8,329,314)</u>		<u>(8,329,314)</u>
	(\$43,967)	(43,967)
	(43,180)	(43,180)
	(103,962)	(103,962)
	(8,732)	(8,732)
	<u>(612,983)</u>	<u>(612,983)</u>
	<u>(812,824)</u>	<u>(812,824)</u>
<u>(8,329,314)</u>	<u>(812,824)</u>	<u>(9,142,138)</u>
1,580,787		1,580,787
1,268,827		1,268,827
167,007		167,007
753,010		753,010
11,373		11,373
4,715,284		4,715,284
695,272		695,272
125,399		125,399
(1,209,740)	1,209,253	(487)
1,503,282	50,477	1,553,759
<u>9,610,501</u>	<u>1,259,730</u>	<u>10,870,231</u>
1,281,187	446,906	1,728,093
<u>11,091,322</u>	<u>2,547,698</u>	<u>13,639,020</u>
<u>\$12,372,509</u>	<u>\$2,994,604</u>	<u>\$15,367,113</u>

**Putnam County**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2011*

	<u>General</u>	<u>Auto License and Gas Tax</u>	<u>Brookhill Center School</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$1,922,826</u>	<u>\$1,644,596</u>	<u>\$1,962,741</u>	<u>\$6,842,346</u>	<u>\$12,372,509</u>
<b>Fund Balances</b>					
Nonspendable	10,237				10,237
Restricted		1,644,596	1,962,741	4,853,161	8,460,498
Committed				993,398	993,398
Assigned	151,262			995,787	1,147,049
Unassigned	<u>1,761,327</u>				<u>1,761,327</u>
<i>Total Fund Balances</i>	<u>\$1,922,826</u>	<u>\$1,644,596</u>	<u>\$1,962,741</u>	<u>\$6,842,346</u>	<u>\$12,372,509</u>

See accompanying notes to the basic financial statements.



**Putnam County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011*

	General	Auto License and Gas Tax	Brookhill Center School	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property Taxes	\$1,580,787		\$1,268,827	\$920,017	\$3,769,631
Sales Taxes	4,558,215			157,069	4,715,284
Permissive License Tax		\$131,091			131,091
Charges for Services	1,564,743		249,446	873,047	2,687,236
Licenses and Permits	1,040			114,053	115,093
Fines and Forfeitures	25,237	42,425		81,278	148,940
Intergovernmental	735,592	4,231,494	1,681,578	5,372,062	12,020,726
Payments in Lieu of Taxes	11,373				11,373
Special Assessments				194,342	194,342
Interest	125,399				125,399
Rentals	99,992				99,992
Other	439,683	38,924	49,575	559,091	1,087,273
<i>Total Receipts</i>	<u>9,142,061</u>	<u>4,443,934</u>	<u>3,249,426</u>	<u>8,270,959</u>	<u>25,106,380</u>
<b>Disbursements</b>					
General Government:					
Legislative and Executive	2,342,560			410,943	2,753,503
Judicial	1,054,194			326,018	1,380,212
Public Safety	2,833,741			1,542,169	4,375,910
Public Works	60,911	4,537,272		36,567	4,634,750
Health	65,364		2,663,881	1,805,948	4,535,193
Human Services	291,613			2,189,298	2,480,911
Economic Development and Assistance				578,133	578,133
Miscellaneous	607,647			302,882	910,529
Capital Outlay				851,381	851,381
Debt Service:					
Principal Retirement				230,000	230,000
Interest and Fiscal Charges				30,963	30,963
<i>Total Disbursements</i>	<u>7,256,030</u>	<u>4,537,272</u>	<u>2,663,881</u>	<u>8,304,302</u>	<u>22,761,485</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>1,886,031</u>	<u>(93,338)</u>	<u>585,545</u>	<u>(33,343)</u>	<u>2,344,895</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	50,000			1,415,609	1,465,609
Transfers Out	(2,474,461)			(348,522)	(2,822,983)
Advances In	763,118			241,655	1,004,773
Advances Out	(556,058)			(301,081)	(857,139)
Other Financing Sources	30,617	217,910		67,490	316,017
Other Financing Uses	(149,786)			(20,199)	(169,985)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,336,570)</u>	<u>217,910</u>		<u>1,054,952</u>	<u>(1,063,708)</u>
<i>Net Change in Fund Balances</i>	(450,539)	124,572	585,545	1,021,609	1,281,187
<i>Restated Fund Balances Beginning of Year</i>	<u>2,373,365</u>	<u>1,520,024</u>	<u>1,377,196</u>	<u>5,820,737</u>	<u>11,091,322</u>
<i>Fund Balances End of Year</i>	<u>\$1,922,826</u>	<u>\$1,644,596</u>	<u>\$1,962,741</u>	<u>\$6,842,346</u>	<u>\$12,372,509</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,630,567	\$1,630,567	\$1,580,787	(\$49,780)
Sales Taxes	4,558,214	4,558,214	4,558,215	1
Charges for Services	1,457,628	1,457,628	1,357,666	(99,962)
Licenses and Permits	1,640	1,640	1,040	(600)
Fines and Forfeitures	34,350	34,350	25,237	(9,113)
Intergovernmental	713,893	713,893	735,592	21,699
Payments in Lieu of Taxes	40,000	40,000	11,373	(28,627)
Interest	165,000	165,000	125,399	(39,601)
Rentals			99,992	99,992
Other	558,520	558,520	439,098	(119,422)
<i>Total Receipts</i>	<u>9,159,812</u>	<u>9,159,812</u>	<u>8,934,399</u>	<u>(225,413)</u>
<b>Disbursements</b>				
General Government:				
Legislative and Executive	2,636,683	2,780,480	2,598,516	181,964
Judicial	1,054,419	1,059,490	942,472	117,018
Public Safety	3,167,877	3,185,801	2,925,464	260,337
Public Works	72,305	72,305	60,910	11,395
Health	61,004	81,226	65,364	15,862
Human Services	330,685	330,685	297,542	33,143
Transportation	49,751	50,034	46,596	3,438
Miscellaneous	159,697	401,257	296,058	105,199
<i>Total Disbursements</i>	<u>7,532,421</u>	<u>7,961,278</u>	<u>7,232,922</u>	<u>728,356</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,627,391</u>	<u>1,198,534</u>	<u>1,701,477</u>	<u>502,943</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In			50,000	50,000
Transfers Out	(225,000)	(2,649,461)	(2,424,461)	225,000
Advances In			763,118	763,118
Advances Out		(556,058)	(556,058)	
Other Sources	6,000	6,000	30,617	24,617
Other Uses	(150,010)	(150,010)	(149,786)	224
<i>Total Other Financing Sources (Uses)</i>	<u>(369,010)</u>	<u>(3,349,529)</u>	<u>(2,286,570)</u>	<u>1,062,959</u>
<i>Net Change in Fund Balance</i>	1,258,381	(2,150,995)	(585,093)	1,565,902
<i>Fund Balance Beginning of Year</i>	1,993,321	1,993,321	1,993,321	
Prior Year Encumbrances Appropriated	157,674	\$157,674	157,674	
<i>Fund Balance End of Year</i>	<u>\$3,409,376</u>	<u>\$1,993,321</u>	<u>\$1,565,902</u>	<u>\$1,565,902</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Auto License and Gas Tax Fund  
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Permissive License Tax	\$128,354	\$128,354	\$131,091	\$2,737
Fines and Forfeitures	29,264	29,264	42,425	13,161
Intergovernmental	3,758,738	4,258,738	4,231,494	(27,244)
Other	137,226	105,661	38,924	(66,737)
<i>Total Receipts</i>	<u>4,053,582</u>	<u>4,522,017</u>	<u>4,443,934</u>	<u>(78,083)</u>
<b>Disbursements</b>				
Public Works	5,313,202	5,999,064	4,748,403	1,250,661
<i>Excess of Disbursements Over Receipts</i>	<u>(1,259,620)</u>	<u>(1,477,047)</u>	<u>(304,469)</u>	<u>1,172,578</u>
<b>Other Financing Sources</b>				
Other Sources	139,827	139,827	217,910	78,083
<i>Net Change in Fund Balance</i>	(1,119,793)	(1,337,220)	(86,559)	1,250,661
<i>Fund Balance Beginning of Year</i>	1,251,822	1,251,822	1,251,822	
Prior Year Encumbrances Appropriated	268,202	268,202	268,202	
<i>Fund Balance End of Year</i>	<u>\$400,231</u>	<u>\$182,804</u>	<u>\$1,433,465</u>	<u>\$1,250,661</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Brookhill Center School Fund  
For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$1,237,000	\$1,274,000	\$1,268,827	(\$5,173)
Charges for Services	190,000	226,000	249,446	23,446
Intergovernmental	775,143	950,000	1,681,578	731,578
Other	100,100	70,100	49,575	(20,525)
<i>Total Receipts</i>	<u>2,302,243</u>	<u>2,520,100</u>	<u>3,249,426</u>	<u>729,326</u>
<b>Disbursements</b>				
Health	<u>2,685,023</u>	<u>3,071,322</u>	<u>2,762,773</u>	<u>308,549</u>
<i>Net Change in Fund Balance</i>	(382,780)	(551,222)	486,653	1,037,875
<i>Fund Balance Beginning of Year</i>	1,356,672	1,356,672	1,356,672	
Prior Year Encumbrances Appropriated	<u>20,524</u>	<u>20,524</u>	<u>20,524</u>	
<i>Fund Balance End of Year</i>	<u><u>\$994,416</u></u>	<u><u>\$825,974</u></u>	<u><u>\$1,863,849</u></u>	<u><u>\$1,037,875</u></u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Fund Net Assets - Cash Basis  
Proprietary Funds  
December 31, 2011*

	<u>Business-Type Activities</u>			
	<u>Putnam Acres</u>	<u>Landfill Closure</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$815,615</u>	<u>\$1,210,000</u>	<u>\$968,989</u>	<u>\$2,994,604</u>
<b>Net Assets</b>				
Unrestricted	<u>\$815,615</u>	<u>\$1,210,000</u>	<u>\$968,989</u>	<u>\$2,994,604</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Assets - Cash Basis  
Proprietary Funds  
For the Year Ended December 31, 2011*

	Business-Type Activities			Total Enterprise Funds
	Putnam Acres	Landfill Closure	Other Enterprise Funds	
<b>Operating Receipts</b>				
Charges for Services	\$3,339,513		\$1,685,179	\$5,024,692
Other Operating Receipts	33,076		3,604	36,680
<i>Total Operating Receipts</i>	<u>3,372,589</u>		<u>1,688,783</u>	<u>5,061,372</u>
<b>Operating Disbursements</b>				
Personal Services	2,693,507		754,008	3,447,515
Contractual Services	656,533		337,431	993,964
Materials and Supplies	213,111		501,834	714,945
Capital Outlay	295,641		312,293	607,934
<i>Total Operating Disbursements</i>	<u>3,858,792</u>		<u>1,905,566</u>	<u>5,764,358</u>
<i>Operating Loss</i>	<u>(486,203)</u>		<u>(216,783)</u>	<u>(702,986)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Grants	71,155			71,155
Special Assessment		\$222,440		222,440
Bond Retirement		(50,000)	(18,850)	(68,850)
Interest Expense and Fiscal Charges		(84,375)	(5,151)	(89,526)
Other Non-Operating Revenue	11,630		2,167	13,797
Other Non-Operating Expense	(164,859)		(43,518)	(208,377)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(82,074)</u>	<u>88,065</u>	<u>(65,352)</u>	<u>(59,361)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(568,277)</u>	<u>88,065</u>	<u>(282,135)</u>	<u>(762,347)</u>
Advances In			75,000	75,000
Advances Out		(88,121)	(135,000)	(223,121)
Transfers In		1,210,000	163,400	1,373,400
Transfers Out			(16,026)	(16,026)
<i>Total Transfers and Advances</i>		<u>1,121,879</u>	<u>87,374</u>	<u>1,209,253</u>
<i>Change in Net Assets</i>	<u>(568,277)</u>	<u>1,209,944</u>	<u>(194,761)</u>	<u>446,906</u>
<i>Net Assets Beginning of Year</i>	<u>1,383,892</u>	<u>56</u>	<u>1,163,750</u>	<u>2,547,698</u>
<i>Net Assets End of Year</i>	<u>\$815,615</u>	<u>\$1,210,000</u>	<u>\$968,989</u>	<u>\$2,994,604</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
December 31, 2011*

	<u>Private Purpose Trust</u>	<u>Agency</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$2,501</u>	<u>\$5,010,389</u>
<b>Net Assets</b>		
Unrestricted	<u>\$2,501</u>	<u>\$5,010,389</u>

See accompanying notes to the basic financial statements.

**Putnam County**

*Statement of Changes in Fiduciary Net Assets - Cash Basis  
Fiduciary Funds  
For the Year Ended December 31, 2011*

	<u>Private Purpose Trust</u>
<i>Net Assets - Beginning of Year</i>	<u>\$2,501</u>
<i>Net Assets - End of Year</i>	<u><u>\$2,501</u></u>

See accompanying notes to the basic financial statements.



## PUTNAM COUNTY

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### Note 1 – Reporting Entity

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

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

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

#### A. Primary Government

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

#### B. Component Units

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

#### Component Unit

Based on the foregoing criteria, the Brookhill Center Industries, Inc. (the Workshop) is a component unit of the County. See note 22 for a presentation of condensed financial statement information of the Workshop for the year ended December 31, 2011.

#### Potential Component Units Reported as Agency Funds

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

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 1 – Reporting Entity (Continued)**

C. Jointly Governed Organizations and Public Entity Risk Pools

The County participates in several jointly governed organizations and public entity risk pools. These organizations are presented in Notes 20 and 21 to the basic financial statements. These organizations are:

- Multi-Area Narcotics (MAN)
- Blanchard River Stream Enhancement Project
- Ottawa River Stream Enhancement Project
- Juvenile Residence Center of Northwest Ohio
- 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 transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

Landfill Closure - This fund accounts for costs associated with landfill closure activities. During 2011 the County made debt payments on its outstanding landfill closure bonds with special assessment monies collected. Monies transferred into this fund from the General Fund during 2011 were not yet spent as of December 31, 2011.

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. 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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(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 2011, 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 2011 were \$125,399 which includes \$102,439 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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(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. Advances to the County's agency funds from the General Fund in the amount of \$487 are included in advances out on the 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 12 and 13, 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

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

**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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 – Change in Basis of Accounting**

For fiscal year 2011, the County modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned. The restatement due to the implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds of the County as they were previously reported.

	General	Other Governmental Funds	Private Purpose Trust
Fund Balance at December 31, 2010	\$2,150,995	\$6,033,455	\$12,153
Fund Reclassification:			
Clerk of Courts	159,997	(159,997)	
Recorders Equipment	52,721	(52,721)	
Unclaimed Monies	9,652		(9,652)
Adjusted Fund Balance at January 1, 2011	\$2,373,365	\$5,820,737	\$2,501

**Note 5 – 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 \$141,476 in the General Fund, \$211,131 in the Auto License and Gas Tax Fund, and \$98,892 in the Brookhill Fund.



**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 5 – Budgetary Basis of Accounting (Continued)**

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

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

Net Change in Fund Cash Balance			
	General Fund	Auto License and Gas Tax Fund	Brookhill Center School Fund
Cash Basis	(\$450,539)	\$124,572	\$585,545
Funds Budgeted Elsewhere	6,922		
Adjustment for Encumbrances	(141,476)	(211,131)	(98,892)
Budget Basis	(\$585,093)	(\$86,559)	\$486,653

**Note 6 – Fund Balances**

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 6 – Fund Balances (Continued)**

	General Fund	Auto License and Gas Tax Fund	Brookhill Center School Fund	Other Governmental Funds	Total Governmental Funds
Unspendable for:					
Unclaimed Monies	\$10,237				\$10,237
Restricted for:					
General Government				\$1,181,719	1,181,719
Public Safety				1,084,101	1,084,101
Public Works		\$1,644,596		10,772	1,655,368
Health Services				875,091	875,091
Human Services			\$1,962,741	1,066,795	3,029,536
Economic Development				288,140	288,140
Capital Outlay				345,254	345,254
Debt Service				1,289	1,289
Total Restricted		1,644,596	1,962,741	4,853,161	8,460,498
Committed for:					
Human Services				895,255	895,255
Economic Development				15,310	15,310
Capital Outlay				82,833	82,833
Total Committed				993,398	993,398
Assigned for:					
Encumbrances	151,262				151,262
Jail Debt Service				995,787	995,787
Total Assigned	151,262			995,787	1,147,049
Unassigned	1,761,327				1,761,327
Total Fund Balance	\$1,922,826	\$1,644,596	\$1,962,741	\$6,842,346	\$12,372,509

**Note 7 – 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:

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;

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 7 – Deposits and Investments (Continued)**

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 \$117,489 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, \$14,731,773 of the County's bank balance of \$20,481,773 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to 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.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

**Note 8 – 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 9 – 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 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected in 2011 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, 2011, was \$8.00 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2011 property tax receipts were based are as follows:

Real Property:	
Residential	\$426,206,090
Agriculture	136,762,640
Commercial/Industrial/Mineral	65,501,090
Public Utility Property:	
Real	563,120
Personal	26,487,710
Total Assessed Value	<u>\$655,520,650</u>

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 10 – Interfund Receivables/Payables**

Interfund balances at December 31, 2011, consisted of receivables due the General Fund in the amount of \$16,601, of which \$15,514 is payable from Other Governmental Funds and \$487 is payable from Agency Funds.

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

**Note 11 – 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 2011, 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
Faithful Performance	
Money and Securities	
Depositor's Forgery	
Money Order and Counterfeit Paper	
Fund Transfer Fraud	500,000
Computer Fraud	500,000
Excess Liability	1,000,000 – 7,000,000

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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 11 – Risk Management (Continued)**

For 2011, 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 12 – Defined Benefit Pension Plan**

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 12 – Defined Benefit Pension Plan (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The County's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$1,266,211, \$1,266,831, and \$1,045,121, respectively; 100 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

**Note 13 – Postemployment Benefits**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 13 – Postemployment Benefits (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 for 2011.

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

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$506,484, \$562,921, and \$750,515, respectively; 100 percent has been contributed for 2011 and 100 percent for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 14 – Debt**

The County's long-term debt activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance December 31, 2010	Reductions	Balance December 31, 2011	Due Within One Year
<u>Governmental Activities</u>					
Jail Bonds (Original Amount \$2,850,000)	Variable	\$130,000	\$130,000		
Jail Refunding Bonds (Original Amount \$1,195,000)	Variable	1,085,000	100,000	\$985,000	\$240,000
<b>Total Governmental Activities</b>		<u>1,215,000</u>	<u>230,000</u>	<u>985,000</u>	<u>240,000</u>
<u>Business-Type Activities</u>					
Sewer Dist. Imprv. Bds. Series 1999 (Original Amount \$270,000)	4.95%	104,057	18,850	85,207	19,784
Landfill Bonds (Original Amount \$2,050,000)	Variable	1,695,000	50,000	1,645,000	50,000
<b>Total Business-Type Activities</b>		<u>1,799,057</u>	<u>68,850</u>	<u>1,730,207</u>	<u>69,784</u>
<b>Total General Obligation Bonds</b>		<u>\$3,014,057</u>	<u>\$298,850</u>	<u>\$2,715,207</u>	<u>\$309,784</u>



**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 14 – 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
2012	\$240,000	\$23,438
2013	245,000	18,638
2014	250,000	13,125
2015	250,000	6,875
	\$985,000	\$62,076

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

Year	General Obligation Bonds	
	Principal	Interest
2012	\$69,784	\$86,468
2013	70,763	82,988
2014	76,791	79,461
2015	77,869	75,632
2016	60,000	71,750
2017-2021	350,000	310,250
2022-2036	450,000	213,750
2027-2031	575,000	88,750
	\$1,730,207	\$1,009,049

The Ohio Revised Code provides that net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 1 percent of the total assessed valuation of the County. The Revised Code further provides that total voted and unvoted net debt of the County less the same exempt debt shall never exceed a sum equal to 3 percent of the first \$100,000,000 of assessed valuation, plus 1.5 percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus 2.5 percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2010, were an overall debt margin of \$12,258,016 and an unvoted debt margin of \$3,925,207.

On September 30, 2011 the County entered into an irrevocable letter of credit for \$1,597,187 that matures on September 1, 2012. As of December 31, 2011 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.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 15 – Leases**

The County leases buildings, vehicles and other equipment under noncancelable leases. The County disbursed \$73,663 to pay lease costs for the year ended December 31, 2011. Future lease payments are as follows:

Year	Amount
2012	52,810
2013	52,810
2014	<u>3,150</u>
Total	<u><u>\$108,770</u></u>

**Note 16 – 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 2011.

**Note 17 – Interfund Transfers**

During 2011 the following transfers were made:

		Transfers Out			
		General	Other Governmental	Other Enterprise	Total
Transfers In	Governmental Activities:				
	General	\$50,000			\$50,000
	Other Governmental	1,059,461	\$348,522	\$7,626	1,415,609
	Total Governmental Activities	<u>1,109,461</u>	<u>348,522</u>	<u>7,626</u>	<u>1,465,609</u>
	Business-Type Activities:				
	Landfill Closure	1,210,000			1,210,000
	Other Enterprise	155,000		8,400	163,400
	Total Business Type Activities	<u>1,365,000</u>		<u>8,400</u>	<u>1,373,400</u>
	Total	<u><u>\$2,474,461</u></u>	<u><u>\$348,522</u></u>	<u><u>\$16,026</u></u>	<u><u>\$2,839,009</u></u>

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 18 – Construction and Contractual Commitments**

Contractor	Project	Original Contract Amount	Contract Balance 12/31/11
Buck's Tree Service	Kevin Radar Ditch #948	\$18,520	\$7,808
Buckeye Pool Service & Trucking	Denny Vennekotter Ditch #953	17,634	1,763
Gerding Ditching	Joan Kreinbrink Tile #956	49,545	49,545
Sand Ridge Excavating	Dloyd Snavelly Ditch #764	49,350	49,350
Sand Ridge Excavating	Dutch Run 1 #840	32,658	4,882
Kuhlman Builders	Brookhill – New Roof – Admin Bldg	145,149	69,344
Advanced Rehabilitation	Manhole and Pump Station Improvements	293,165	69,801
Buscher Electric	Electric Pump Station Improvements	90,746	33,778
Sand Ridge Excavating	Road 18 Open Ditch Relocation	16,797	2,094
Forster Trucking	Industrial Drive Utility Extension	314,618	15,509

**Note 19 – Contingent Liabilities**

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

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

**Note 20 – Jointly Governed Organizations**

Multi-Area Narcotics (MAN)

Putnam County is a member of the Multi-Area Narcotics task force which is a jointly governed organization between Defiance, Williams 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 Sherriff.

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 2011. The Hancock County Auditor serves as fiscal agent for this project.

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 20 – 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 not contribute to the project during 2011. The Allen County Auditor serves as fiscal agent for this project.

Juvenile Residential Center of Northwest Ohio

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

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 21 – Public Entity Risk Pools**

A. County Risk Sharing Authority, Inc.

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

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

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

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

**PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**Note 21 – Public Entity Risk Pools (Continued)**

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 22 – 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.

PUTNAM COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

**Note 22 – Brookhill Workshop, Inc. (Continued)**

Condensed Balance Sheet -  
Brookhill Workshop

<hr/>	
Assets:	
Current Assets	\$868,225
Property, Plant, and Equipment	83,717
Total Assets	<u>\$951,942</u>
Liabilities:	
Current Liabilities	\$39,244
Equity:	
Unrestricted Net Assets	912,698
Total Liabilities and Net Assets	<u>\$951,942</u>

Condensed Statement of Activities -  
Brookhill Workshop

<hr/>	
Operating Revenues	\$190,661
Operating Expenses	177,071
Net Increase in Net Assets	13,590
Net Assets, January 1	899,108
Net Assets, December 31	<u>\$912,698</u>

**Note 23 – Related Party Transactions**

During 2011, 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 2011. 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.

**Note 24 – Subsequent Events**

On January 24, 2012 the County sold Landfill Improvement Refunding Bonds in the amount of \$500,000. This debt was used to retire Landfill Bonds originally issued in 2001.

On June 1, 2012 the County awarded a bid for the County Road 5 Widening and Resurfacing Project to Bluffton Paving in the amount of \$4,031,857.

**PUTNAM COUNTY**  
**FEDERAL AWARDS EXPENDITURES SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed through the Ohio Department of Job and Family Services</i>			
<u>Jobs and Family Services</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1011-11-5103/G-1213-11-0103	\$95,792
<b>UNITED STATES DEPARTMENT OF COMMERCE</b>			
<i>Passed through the Ohio Emergency Management Agency</i>			
<u>Emergency Management Agency</u>			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0053	52,951
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Direct Program</i>			
ARRA - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	16.810		330,870
<i>Passed through the Ohio Department of Public Safety</i>			
<u>County Sheriff</u>			
ARRA - Eward Byrne Memorial Justice Assistance Grant Program - Grants to States and Territories	16.803		139,019
Total Department of Justice			<u>469,889</u>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through the Ohio Department of Development</i>			
<u>County Commissioners</u>			
HOME Investment Partnership Program	14.239	B-C-09-1CL-2	213,826
Community Development Block Grant	14.228	B-C-09-1CL-1	120,839
Community Development Block Grant	14.228	B-E-10-1CL-1	174,138
Community Development Block Grant	14.228	B-F-09-1CL-1	97,000
Community Development Block Grant	14.228	B-F-10-1CL-1	96,060
Community Development Block Grant (Revolving Loans)	14.228		19,427
Total Community Development Block Grant			<u>507,464</u>
Total Department of Housing and Urban Development			<u>721,290</u>
<b>UNITED STATES DEPARTMENT OF LABOR</b>			
<i>Passed through the Montgomery County WIA Area 7</i>			
<u>Jobs and Family Services</u>			
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult Program	17.258		129,152
Workforce Investment Act - Adult Program Administrative	17.258		1,187
Workforce Investment - Adult Total			<u>130,339</u>
Workforce Investment Act - Youth Activities	17.259		72,904
Workforce Investment Act - Youth Activities Administrative	17.259		1,155
Workforce Investment - Youth Total			<u>74,059</u>
Workforce Investment Act - Dislocated Worker	17.260		71,588
Workforce Investment Act - Dislocated Worker Administrative	17.260		1,158
Workforce Investment - Dislocated Worker Total			<u>72,746</u>
Workforce Investment Act - Rapid Response	17.260		48,247
Total Workforce Investment Act - Dislocated Worker			<u>120,993</u>
Total Department of Labor			<u>325,391</u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through the Ohio Department of Transportation</i>			
<u>County Engineer</u>			
Highway Planning and Constructor	20.205		15,345

(Continued)

PUTNAM COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Disburse- ments
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b><i>Passed through the Ohio Department of Job and Family Services</i></b>			
<u>Jobs and Family Services</u>			
Promoting Safe and Stable Families	93.556	G-1011-11-5103/G-1213-11-0103	25,539
Temporary Assistance for Needy Families	93.558	G-1011-11-5103/G-1213-11-0103	325,525
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	G-1011-11-5103/G-1213-11-0103	10,304
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596	G-1011-11-5103/G-1213-11-0103	14,451
Total Child Care and Development Fund Cluste			<u>24,755</u>
Child Support Enforcement	93.563	G-1011-11-5103/G-1213-11-0103	191,782
Community-Based Child Abuse Prevention Grant	93.590	G-1011-11-5103/G-1213-11-0103	2,000
Child Welfare Services - State Grants	93.645	G-1011-11-5103/G-1213-11-0103	37,152
Foster Care - Title IV-E	93.658	G-1011-11-5103/G-1213-11-0103	63,643
Adoption Assistance	93.659	G-1011-11-5103/G-1213-11-0103	14,399
Social Services Block Grant	93.667	G-1011-11-5103/G-1213-11-0103	236,420
Medical Assistance Program	93.778	G-1011-11-5103/G-1213-11-0103	130,714
<b><i>Passed through the Ohio Department of Developmental Disabilities</i></b>			
<u>Developmental Disabilities Board</u>			
Social Services Block Grant	93.667		26,764
Medical Assistance Program	93.778		75,118
ARRA - Medical Assistance Program	93.778		52,958
<b><i>Passed through the Ohio Department of Alcohol and Drug Addiction Services</i></b>			
<u>Alcohol, Drug Addiction, and Mental Health Services Board</u>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		94,710
Medical Assistance Program	93.778		11,652
Substance Abuse and Mental Health Services-Projects of Regional and National Significanc	93.243		53,452
<b><i>Passed through the Ohio Department of Mental Health</i></b>			
<u>Alcohol, Drug Addiction, and Mental Health Services Board</u>			
Child Care Mandatory and Matching Funds of the Child Care and Development Fun	93.596		14,500
Block Grants for Community Mental Health Services	93.958		29,524
Social Services Block Grant	93.667		17,946
Medical Assistance Program	93.778		187,703
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund - CFDA 93.59			<u>28,951</u>
Total Medical Assistance Program - CFDA 93.778			<u>458,145</u>
Total Social Service Block Grants - CFDA 93.667			<u>281,130</u>
<b><i>Passed through the Ohio Secretary of State</i></b>			
<u>Board of Elections</u>			
Voting Access for Individuals with Disabilities - Grants to States	93.617		760
<b><i>Passed through the Ohio Department of Health</i></b>			
<u>Emergency Management Agency</u>			
National Bioterrorism Hospital Preparedness Program	93.889		180
Total Department of Health and Human Services			<u>1,617,196</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<b><i>Passed through the Ohio Emergency Management Agency</i></b>			
<u>Emergency Management Agency</u>			
Homeland Security Grant Program	97.067	2008-GE-T8-0025	27,307
Emergency Management Performance Grants	97.042	2010-EP-00-0003	16,296
Total Department of Homeland Security			<u>43,603</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><u>\$3,341,457</u></u>

The accompanying notes are an integral part of this schedule



**PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**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 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$369,231
Loan principal repaid	39,355
Ending loans receivable balance as of December 31, 2011	<u>\$329,876</u>
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$238,198
Administrative costs expended during 2011	19,427

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011 \$253,110 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.

**NOTE D – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES 2011 ADJUSTMENTS**

During the calendar year, the County received a deferred payment from the Ohio Department of Developmental Disabilities (DODD) for the Medicaid program (CFDA #93.778) in the amount of \$127,084. The deferred payment was for Medicaid Administrative Claiming (MAC) and Waiver Administrative Claiming (WAC) expenses the County incurred in prior reporting periods due to an increase of federal funding received by DODD to reimburse these expenses and also due to changes in the County's Medicaid Eligibility Rate (MER) for certain activity codes with MAC/WAC. This revenue is not listed on the County's Schedule of Federal Awards since the underlying expenses occurred in prior reporting periods.

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# Dave Yost • 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, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 11, 2012, wherein we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles and the County adopted Governmental Accounting Standards Board Statement No. 54. 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 2011-003 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 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 11, 2012.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, 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.

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

**Dave Yost**  
Auditor of State

September 11, 2012



# Dave Yost • 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, Ohio (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 could directly and materially affect each of the County's major federal programs for the year ended December 31, 2011. 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 opine on the County's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, Putnam County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

### 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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.

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted matters involving federal compliance and internal control over federal compliance not requiring inclusion in this report that we reported to the County's management in a separate letter dated September 11, 2012.

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



**Dave Yost**  
Auditor of State

September 11, 2012

PUTNAM COUNTY  
**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**DECEMBER 31, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grant CFDA #14.228 Home Investment Partnership Program CFDA #14.239 Assistance to Rural Law Enforcement CFDA #16.810 Child Support Enforcement CFDA #93.563 Medical Assistance Program CFDA #93.778
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

**Ohio Revised Code, § 117.38**, provides 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, 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 2011-002**

**Finding for Adjustment**

**Ohio Revised Code, § 307.515(A)**, states in part that all fines and penalties collected by, and moneys arising from forfeited bail in, a municipal court for offenses and misdemeanors brought for prosecution in the name of a municipal corporation under one of its penal ordinances, where there is in force a state statute under which the offense might be prosecuted, or brought for prosecution in the name of the state, shall be retained by the clerk of the municipal court and shall be deposited by the clerk each month in the county law library resources fund. The total sums so deposited shall not exceed seventy-five hundred dollars per annum, and when the amount has been deposited in the fund in accordance with this section then no further payments shall be required under this section in the calendar year from the clerk of the respective court.



**FINDING NUMBER 2011-002  
(Continued)**

The Municipal Court deposited \$63,358 in the County Law Library Fund for 2011 which is \$55,858 in excess of the maximum amount of \$7,500. In accordance with the foregoing facts, we hereby issue a finding for adjustment against the County Law Library Fund in the amount of \$55,858 in favor of the General Fund.

**Officials' Response:**

The Commissioners have decided to address finding number 2011-002 for future proper funds distribution. We are aware of the situation as raised by the 2011 audit and will resolve it.

**FINDING NUMBER 2011-003**

**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 2011 financial statements contained material errors, such as the following:

- Jail Debt Service fund balance in the amount of \$995,787 was incorrectly classified on the Fund Statement as Restricted instead of Assigned Fund Balance.
- Bank balances classified as Agency Funds in the amount of \$231,061 were not recorded as Cash on the Statement of Fiduciary Net Assets.
- Special Assessment revenue in the amount of \$222,440 was recorded as All Other Revenue instead of a separate Special Assessment revenue line item in the Landfill Closure Fund.
- General Fund encumbrances in the amount of \$151,262 were incorrectly classified on the Fund Statement as Unassigned instead of Assigned Fund Balance.
- Prior Year Carryover on the Budgetary Statements was omitted from the appropriations in the amounts of \$157,674, 268,202, and 20,523 in the General, Auto License and Gas Tax, and Brookhill Center Funds, respectively.

Adjusting entries ranging from \$16,198 to \$995,787 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.

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

None.

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**PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2010-001	<b>OAC §117-2-3(B)</b> reporting on basis other than generally accepted accounting principles.	No	Finding has not been corrected and is repeated in this report as item 2011-001.
2010-002	Financial Reporting recommendation due to financial statement errors.	No	Finding has not been corrected and is repeated in this report as item 2011-003.

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# Dave Yost • 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 27, 2012