



Dave Yost • Auditor of State



**FINANCIAL CONDITION  
ALLEN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Financial Condition  
Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of County Commissioners:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio (the County), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component units LODDI, and Marimor Industries, which represent 13.9 and 11.6 percent, 13.5 and 10.6 percent, and 2.6 and 78.1 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for LODDI, and Marimor Industries, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards of the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditor audited the financial statements of the component unit LODDI in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Job and Family Services, Developmental Disabilities, Children Services, and Motor Vehicle and Gasoline Tax funds, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended December 31, 2012, the County adopted the provisions of Governmental Accounting Standard No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and No. 65, "*Items previously reported as assets and liabilities*". We did not modify our opinion regarding this matter.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

### ***Supplementary and Other Information***

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 25, 2013

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**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)**

The discussion and analysis of Allen County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the County's performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- In total the County's total net position increased by \$5.86 million from 2011, which represents an overall increase of 5.1 percent from 2011. Governmental activities increased by \$4.2 million while business-type activities increased by \$1.61 million.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allen County's financial position.

The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column. The County's major funds are the General; Job and Family Services; Developmental Disabilities; Children's Services; and Motor Vehicle and Gasoline Tax funds. The County's only business type fund is the Sewer Fund.

**Reporting the County as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the County did financially during 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the County's net position and changes in that position. The change in net position is important because it tells the reader whether the financial position of the County as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. The causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the County's tax base and the condition of the County's capital assets. These factors must be considered when assessing the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County is divided into three distinct types of activities.

**Governmental Activities** - Most of the County's programs and services are reported here including general Government, public safety, public works, health, human services, and conservation and recreation. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

**Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The County's Sewer District operations are reported here.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

**Component Units** - The County's financial statements include financial data for LODDI (Living Options for Developmentally Disabled Individuals), Marimor Industries, the Port Authority of Allen County. These component units are more fully described in Note 1 to the basic financial statements.

**Reporting the County's Most Significant Funds**

Fund financial statements provide detailed information about the County's major funds, the General; Job and Family Services; Developmental Disabilities; Children's Services; Motor Vehicle and Gasoline Tax; and the Sewer District. While the County uses many funds to account for a multitude of financial transactions, these are the most significant.

**Governmental Funds** - The County's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the County's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

**Proprietary Funds** - The County maintains two different types of proprietary funds. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's other programs and activities.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement because the resources from these funds are not available to support the County's programs. These funds also use the accrual basis of accounting.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

**Government-Wide Financial Analysis**

Table 1 provides a summary of the County's net position for 2012 compared to 2011.

	<b>Table 1 Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Assets:</b>						
Current and Other Assets	\$66,828,140	\$67,690,029	\$6,341,097	\$5,985,402	\$73,169,237	\$73,675,431
Capital Assets, Net	60,058,597	59,433,724	40,389,350	39,622,941	100,447,947	99,056,665
Total Assets	<u>126,886,737</u>	<u>127,123,753</u>	<u>46,730,447</u>	<u>45,608,343</u>	<u>173,617,184</u>	<u>172,732,096</u>
<b>Deferred Outflows of Resources:</b>						
Unamortized Bond Issuance Costs	53,549	49,000	162,081	189,095	215,630	238,095
<b>Liabilities:</b>						
Current and Other Liabilities	8,734,025	9,694,575	3,780,339	3,512,825	12,514,364	13,207,400
Long-Term Liabilities	18,301,218	21,046,613	11,040,841	11,831,108	29,342,059	32,877,721
Total Liabilities	<u>27,035,243</u>	<u>30,741,188</u>	<u>14,821,180</u>	<u>15,343,933</u>	<u>41,856,423</u>	<u>46,085,121</u>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	11,094,836	12,678,257			11,904,836	12,678,257
<b>Net Position:</b>						
Net Investment in Capital Assets	39,459,028	35,751,319	25,915,624	24,646,157	65,374,652	60,397,476
Restricted	31,124,523	31,237,355			31,124,523	31,237,355
Unrestricted	17,416,656	16,764,634	6,155,724	5,807,348	23,572,380	22,571,982
Total Net Position	<u>\$88,000,207</u>	<u>\$83,753,308</u>	<u>\$32,071,348</u>	<u>\$30,453,505</u>	<u>\$120,071,555</u>	<u>\$114,206,813</u>

Overall the County reported an increase in total net position for both government and business-type activities from 2011 to 2012.

Governmental activities had a net increase of 4.2 million. The increase is mainly due to a decrease in liabilities of \$3.7 million. The majority of decrease in liabilities of \$3.7 million was made up of long-term debt that consists of Notes Payables, Issue II Loan Payable, OWDA Loans Payable, General Obligation Bonds, and Special Assessment Debt.

Business-type activities had a net position increase of 1.6 million. The increase is mainly due to increase in assets of \$1.1 million. The majority of increase of \$1.1 million is made up of \$766,000 in capital assets and \$267,000 in accounts receivables.

Table 2 reflects the changes in net position for 2012.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

**Table 2  
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$11,366,499	\$10,342,637	\$ 6,581,264	\$6,539,622	\$ 17,947,763	\$ 16,882,259
Operating grants, contributions and interest	28,991,786	31,117,288			28,991,786	31,117,288
Capital grants and Contributions	437,813	408,504			437,813	408,504
Total program revenues	40,796,098	41,868,429	6,581,264	6,539,622	47,377,362	48,408,051
<b>General revenues:</b>						
<b>Property taxes levied for:</b>						
General Operating	4,509,018	4,420,471			4,509,018	4,420,471
Health - developmental disabilities	4,529,021	4,390,787			4,529,021	4,390,787
Human services – children services	1,954,488	1,910,702			1,954,488	1,910,702
Sales tax	15,362,471	14,476,311			15,362,471	14,476,311
Intergovernmental not restricted	4,979,912	5,558,456			4,979,912	5,558,456
Gain on sale of capital assets	15,051				15,051	
Loss on sale of capital assets		(160,964)		(4,900)		(165,864)
Interest	340,984	668,490	2,282	1,795	343,266	670,285
Contributions			189,550		189,550	
Other	3,964,334	4,239,302	41,788	98,295	4,006,122	4,337,597
Total general revenues	35,655,279	35,503,555	233,620	95,190	35,888,899	35,598,745
Total revenues	76,451,377	77,371,984	6,814,884	6,634,812	83,266,261	84,006,796
Transfers	161,507	220,948	(161,507)	(220,948)		
Total revenues and transfers	76,612,884	77,592,932	6,653,377	6,413,864	83,266,261	84,006,796
<b>Program Expenses:</b>						
<b>General government:</b>						
Legislative and executive	11,851,551	13,910,177			11,851,551	13,910,177
Judicial	8,421,429	8,948,301			8,421,429	8,948,301
Public safety	11,004,773	10,765,774			11,004,773	10,765,774
<b>Public works:</b>						
Motor vehicle and gas tax	8,778,000	8,742,603			8,778,000	8,742,603
Other public works	129,241	2,297,710			129,241	2,297,710
<b>Health:</b>						
Developmental disabilities	15,268,495	14,553,369			15,268,495	14,553,369
Other health	350,910	1,187,344			350,910	1,187,344
<b>Human services:</b>						
Job and family services	8,267,176	8,433,338			8,267,176	8,433,338
Children services	5,770,880	6,186,857			5,770,880	6,186,857
Other Human Services	337,267				337,267	
Conservation and recreation	1,576,475	1,471,045			1,576,475	1,471,045
Other	98,141	30,990			98,141	30,990
Intergovernmental	154,944	168,803			154,944	168,803
Interest and fiscal charges	356,703	876,281			356,703	876,281
Sanitary sewer			5,035,534	4,686,760	5,035,534	4,686,760
Total expenses	72,365,985	77,572,592	5,035,034	4,686,760	77,401,519	82,259,352
Increase (decrease) in net position	4,246,899	20,340	1,617,843	1,727,104	5,864,742	1,747,444
Net Position Beginning of Year	83,753,308	83,732,968	30,453,505	28,726,401	114,206,813	112,459,369
Net Position End of Year	\$88,000,207	\$83,753,308	\$32,071,348	\$30,453,505	\$120,071,555	\$114,206,813

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

For governmental activities, general revenues, which consist primarily of property and sales taxes and unrestricted grants and entitlements represent 47 percent of total revenues, and of the total general revenues, property taxes and sales taxes represent 74 percent of that revenue. Approximately 56 percent of the County's governmental activities were supported by program revenues, those revenues specifically restricted for use by a particular program such as public safety or human services.

General government activities account for 28 percent of the total program expenditures. These activities include the operation of various county departments including general government and judicial activities. Human services related expenditures represent over 19 percent of the total. These expenditures are for Children's Services and for the Department of Job and Family Services. Health related expenditures account for about 22 percent of the expenditures which are primarily for the operation of Marimor School. Combined, these three areas account for 69 percent of the County's expenditures for 2012.

For business-type activities, program specific revenues are 99 percent of total revenues. As such, the County's business-type activities are mainly supported by charges for the services provided as well as contributions from customers for tap fees or from contractors. The only business-type activity is the sanitary sewer district.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

**Table 3**

	<b>Governmental Activities Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>General Government:</b>				
Legislative and Executive	\$11,851,551	\$13,910,177	\$ 7,118,629	\$ 8,914,798
Judicial	8,421,429	8,948,301	3,846,956	4,485,137
Public Safety	11,004,773	10,765,774	8,976,739	8,706,308
<b>Public Works:</b>				
Motor vehicle and gasoline tax	8,778,000	8,742,603	482,888	136,671
Other public works	129,241	2,297,710	(2,336,164)	1,511,730
<b>Health:</b>				
Developmental Disabilities	15,268,495	14,553,369	8,987,883	7,417,958
Other Health	350,910	1,187,344	82,814	679,735
<b>Human Services:</b>				
Job and Family Services	8,267,176	8,433,338	243,199	(518,912)
Children's Service	5,770,880	6,186,857	2,532,648	2,626,795
Other Human Services	337,267		290,539	
Conservation and Recreation	1,576,475	1,471,045	733,968	667,869
Other	98,141	30,990	98,141	30,990
Intergovernmental	154,944	168,803	154,944	168,803
Interest and Fiscal Charges	356,703	876,281	356,703	876,281
<b>Total Expenses</b>	<b>\$72,365,985</b>	<b>\$77,572,592</b>	<b>\$31,569,887</b>	<b>\$35,704,163</b>

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) pay for 44 percent of the services provided by the County. However, a review of the table above demonstrates that program revenues contributed significantly to the public works services. The funding for general government related activities as well as the sheriff continues to be primarily from general revenue sources.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

**Governmental Funds Financial Analysis**

The County's major funds are the General; Job and Family Services; Developmental Disabilities; Children Services Fund; and the Motor Vehicle and Gasoline Tax Fund. The primary funding for Job and Family Services is from operating grants. The Developmental Disabilities Fund and the Children Services Fund revenues are primarily from taxes and grants. The Developmental Disabilities Fund and the Children Services Fund have specific property tax levies to support the activities of the fund.

The General Fund had an increase in fund balance of 10.5 percent due to decrease in liabilities. Liabilities decrease was mainly in the deferred inflows of resources.

The Job and Family Services fund balance increased by 4.1% in 2012. The increase is due to the cutting of expenditures in 2012.

The Developmental Disabilities Fund had a decrease in fund balance of 7.8%. The decrease can be attributed to intergovernmental revenue declining from prior year.

There was a small increase in fund balance for the Children Services Fund.

The Motor Vehicle and Gasoline Tax Fund had a decrease in fund balance of 29.4% due to a decrease in revenue.

**Business-Type Activities Financial Analysis**

As can be seen on the statement of revenues, expenditure, and changes in net position, the Sewer Fund had operating income for 2012 of \$1,936,057. After non-operating activity and transfers and capital contributions, the fund ended with an increase in net position of \$1,617,843 which was comparable to 2011.

**Budgetary Highlights**

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents are required by State statute, including the annual appropriations resolution which is effective early in the year. The County's most significant budgeted fund is the General Fund. Modifications from the original budget to the final budget were insignificant. The budget is reviewed monthly and results are communicated to the taxpayer quarterly.

Differences resulted from the final budget to the actual revenues collected by \$699,231. Actual expenditures were less than budgeted by \$1.29 million as the County was able to reduce expenditures significantly for general government operations.

The County auditor prepares quarterly financial statements, discusses them with management and reports them to the public on the auditor's web site.

**Capital Assets and Debt Administration**

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2012, was \$60,058,597 and \$40,389,350 respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, machinery and equipment, vehicles, office furniture and equipment, road, bridges, and other infrastructure. Additions to governmental activities capital assets consisted primarily of roads and bridges. Additional information related to capital assets is included in Note 11 of the notes to the basic financial statements.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)**

At December 31, 2012, the County had \$1,332,662 in special assessment notes payable from governmental activities and \$2,687,500 in bond anticipation notes payable business-type activities. The County also had various long-term obligations outstanding. These obligations included \$9,003,999 of general obligation bonds and \$3,163,103 of special assessment bonds including the premiums of \$118,103.

In addition to the debt outlined above, the County's long-term debt also includes compensated absences, capital leases, Issue II loans, OWDA loans, and revenue bonds. Additional information related to debt is included in Notes 18 and 19 of the notes to the basic financial statements.

**Current Issues**

The unemployment rate for the County is currently 7.4 percent (as of April 2013), which is lower from one year ago. This rate is above the State's current rate of 6.7 percent and below the national rate of 7.5 percent.

Sales tax revenue for the County was up in 2012 due to the continued economy recovery. Net sales tax revenue in 2012 in the General Fund was \$14,427,879 compared to \$13,742,576 in 2011. Net sales taxes are equal to total sales tax revenues less the amounts allocated monthly to other funds.

**Request for Information**

This annual financial report is designed to provide a general overview of the County for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Rhonda Eddy-Stienecker, Allen County Auditor, 301 N. Main Street, Lima, Ohio 45801 or by visiting the County's website at [www.allencountyohio.com](http://www.allencountyohio.com) and clicking the auditor's link to go to the quarterly financial statements.

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**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF NET POSITION  
PRIMARY GOVERNMENT AND DISCRETELY PRESENTED COMPONENT UNITS  
December 31, 2012**

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries	Port Authority of Allen County
<b>Assets:</b>						
Equity in pooled cash and cash equivalents	\$38,032,213	\$1,364,888	\$39,397,101			
Cash and cash equivalents in segregated accounts	512,941		512,941	\$97,555	\$149,862	\$247,870
Cash and cash equivalents with fiscal agents	20,078		20,078			
Investment in segregated accounts					603,267	
Accounts receivable	45,508	1,989,901	2,035,409		95,765	
Accrued interest receivable	79,921		79,921			
Sales tax receivable	2,571,196		2,571,196			
Due from other governments	5,610,215		5,610,215	10,167		
Internal balances	(585,456)	585,456				
Prepaid items	517,977	21,853	539,830	9,044	2,436	
Materials and supplies inventory	706,462	57,644	764,106			
Property tax receivable	12,771,295		12,771,295			
Notes receivable	2,300,136		2,300,136			238,175
Special assessments receivable	4,245,654	218,816	4,464,470			
<b>Restricted assets:</b>						
Equity in pooled cash and cash equivalents		1,481,509	1,481,509			
Cash and cash equivalents with fiscal agents		621,030	621,030			
Non-depreciable capital assets	4,495,264	51,219	4,546,483	139,404		109,609
Depreciable capital assets, net	55,563,333	40,338,131	95,901,464	925,185	138,963	5,735,951
Total Assets	<u>126,886,737</u>	<u>46,730,447</u>	<u>173,617,184</u>	<u>1,181,355</u>	<u>990,293</u>	<u>6,331,605</u>
<b>Deferred Outflows of Resources:</b>						
Unamortized bond issuance costs	53,549	162,081	215,630			
<b>Liabilities:</b>						
Accrued wages payable	1,580,746	76,803	1,657,549		17,582	
Accounts payable	461,191	17,570	478,761	4,353	68,067	
Contracts payable	122,164	31,125	153,289			4,000
Due to other governments	1,190,179	36,953	1,227,132		15,752	
Accrued interest payable	86,351	12,018	98,369	105		
Retainage payable	51,088		51,088			
<b>Long-Term Liabilities:</b>						
Due Within One Year	5,242,306	3,605,870	8,848,176	12,716		
Due in More Than One Year	18,301,218	11,040,841	29,342,059	34,144		
Total Liabilities	<u>27,035,243</u>	<u>14,821,180</u>	<u>41,856,423</u>	<u>51,318</u>	<u>101,401</u>	<u>4,000</u>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	11,904,836		11,904,836			
<b>Net Position:</b>						
Net Investment in Capital Assets	39,459,028	25,915,624	65,374,652			5,841,560
<b>Restricted for:</b>						
<b>Debt service:</b>						
Capital projects	628,461		628,461			
Job and Family Services	1,417,487		1,417,487			
Developmental Disabilities	12,305,746		12,305,746			
Children Services	2,649,380		2,649,380			
Motor Vehicle Gasoline Tax	3,034,156		3,034,156			
Auditor/Recorder/Clerk Fees	1,118,641		1,118,641			
Real Estate Assessment	2,949,205		2,949,205			
Revolving Loan	2,492,418		2,492,418			
Ditch Maintenance	1,278,632		1,278,632			
Other purposes	3,250,397		3,250,397		5,476	
Unrestricted	17,416,656	6,155,724	23,572,380	1,130,037	883,416	486,045
Total Net Position	<u>\$88,000,207</u>	<u>\$32,071,348</u>	<u>\$120,071,555</u>	<u>\$1,130,037</u>	<u>\$888,892</u>	<u>\$6,327,605</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<b>Governmental activities:</b>				
<b>General government:</b>				
Legislative and executive	\$11,851,551	\$4,351,272	\$381,650	
Judicial	8,421,429	1,994,794	2,579,679	
Public safety	11,004,773	407,639	1,417,428	\$202,967
Public works				
Motor vehicle gas tax	8,778,000	894,911	7,400,201	
Other public works	129,241	2,230,559		234,846
<b>Health:</b>				
Developmental disabilities	15,268,495	444,100	5,836,512	
Other health	350,910	268,096		
<b>Human services:</b>				
Job and family services	8,267,176	90	8,023,887	
Children services	5,770,880	144,039	3,094,193	
Other human services	337,267	46,728		
Conservation and recreation	1,576,475	584,271	258,236	
Other	98,141			
Intergovernmental	154,944			
Interest and fiscal charges	356,703			
Total governmental activities	<u>72,365,985</u>	<u>11,366,499</u>	<u>28,991,786</u>	<u>437,813</u>
<b>Business-type activities:</b>				
Sanitary Sewer	5,035,534	6,581,264		
Total primary government	<u>77,401,519</u>	<u>17,947,763</u>	<u>28,991,786</u>	<u>437,813</u>
<b>Component Units:</b>				
LODDI	132,047	131,832	10,167	
Marimor Industries	4,508,705	826,510	3,623,348	
Port Authority of Allen County	4,207	55,065		
Total component units	<u>\$4,644,959</u>	<u>\$1,013,407</u>	<u>\$3,633,515</u>	<u>\$0</u>

**General Revenues:**

**Property taxes levied for:**

General Operating  
 Health - developmental disabilities  
 Human services-children services  
 Sales taxes  
 Intergovernmental not restricted to a particular purpose  
 Interest  
 Loss on the sale of capital assets  
 Increase in fair value of investments  
 Gain on the sale of capital assets  
 Contributions  
 Other  
 Total general revenues

Transfers

Change in net position

Net position beginning of year  
 Net position end of year

*See accompanying notes to the basic financial statements.*

**Net (Expense) Revenue and Changes in Net Assets**

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries	Port Authority of Allen Count
(\$7,118,629)		(\$7,118,629)			
(3,846,956)		(3,846,956)			
(8,976,739)		(8,976,739)			
(482,888)		(482,888)			
2,336,164		2,336,164			
(8,987,883)		(8,987,883)			
(82,814)		(82,814)			
(243,199)		(243,199)			
(2,532,648)		(2,532,648)			
(290,539)		(290,539)			
(733,968)		(733,968)			
(98,141)		(98,141)			
(154,944)		(154,944)			
(356,703)		(356,703)			
<u>(31,569,887)</u>		<u>(31,569,887)</u>			
	\$1,545,730	1,545,730			
<u>(31,569,887)</u>	<u>1,545,730</u>	<u>(30,024,157)</u>			
			\$9,952		
				(\$58,847)	
					\$50,858
			<u>9,952</u>	<u>(58,847)</u>	<u>50,858</u>
4,509,018		4,509,018			
4,529,021		4,529,021			
1,954,488		1,954,488			
15,362,471		15,362,471			
4,979,912		4,979,912			
340,984	2,282	343,266	7	10,663	1,162
				(641)	
				28,917	
15,051		15,051			
	189,550	189,550		7,080	1,063,232
3,964,334	41,788	4,006,122	12,069	45,316	
<u>35,655,279</u>	<u>233,620</u>	<u>35,888,899</u>	<u>12,076</u>	<u>91,335</u>	<u>1,064,394</u>
161,507	(161,507)				
4,246,899	1,617,843	5,864,742	22,028	32,488	1,115,252
83,753,308	30,453,505	114,206,813	1,108,009	856,404	5,212,353
<u>\$88,000,207</u>	<u>\$32,071,348</u>	<u>\$120,071,555</u>	<u>\$1,130,037</u>	<u>\$888,892</u>	<u>\$6,327,605</u>

**FINANCIAL CONDITION  
ALLEN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2012**

	<b>General Fund</b>	<b>Job and Family Services</b>	<b>Developmental Disabilities</b>	<b>Children Services</b>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,804,173	\$2,062,299	\$11,690,875	\$3,010,570
Cash and cash equivalents in segregated accounts	1,770			13,275
Cash and cash equivalents with fiscal agent				
Accounts receivable	5,772		39,736	
Accrued interest receivable	79,921			
Sales tax receivable	2,442,458			
Due from other governments	744,744		1,648,676	
Interfund receivable	235,869			32,202
Prepaid items	418,569			39,616
Materials and supplies inventory	47,439	79,578	99,882	9,567
Property tax receivable	2,866,966		5,792,964	2,392,016
Notes receivable				
Special assessments receivable				
Total assets	<u>13,647,681</u>	<u>2,141,877</u>	<u>19,272,133</u>	<u>5,497,246</u>
<b>Liabilities:</b>				
Accrued wages payable	594,155	171,602	379,561	126,968
Accounts payable	12,130	111,305	90,536	103,447
Contracts payable				
Due to other governments	371,055	103,670	471,894	72,327
Interfund payable	406,878	32,202		46,728
Retainage payable				
Total liabilities	<u>1,384,218</u>	<u>418,779</u>	<u>941,991</u>	<u>349,470</u>
<b>Deferred inflows of resources:</b>				
Property Taxes	2,866,966		5,792,964	2,392,016
Sales Tax	1,257,959			
Other	661,809		1,498,954	
Total deferred inflows of resources	<u>4,786,734</u>		<u>7,291,918</u>	<u>2,392,016</u>
<b>Fund balances:</b>				
Non-spendable	755,524	79,578	99,882	49,183
Restricted		1,643,520	10,938,342	2,706,577
Assigned	1,098,721			
Committed	1,266,980			
Unassigned (Deficit)	4,355,504			
Total fund balances	<u>7,476,729</u>	<u>1,723,098</u>	<u>11,038,224</u>	<u>2,755,760</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$13,647,681</u>	<u>\$2,141,877</u>	<u>\$19,272,133</u>	<u>\$5,497,246</u>

See accompanying notes to the basic financial statements.

<b>Motor Vehicle and Gasoline Tax</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$420,670	\$14,043,626	\$38,032,213
	497,896	512,941
	20,078	20,078
		45,508
		79,921
	128,738	2,571,196
2,644,440	572,355	5,610,215
33,704	605,000	906,775
35,106	24,686	517,977
469,996		706,462
	1,719,349	12,771,295
	2,300,136	2,300,136
	4,245,654	4,245,654
<u>\$3,603,916</u>	<u>\$24,157,518</u>	<u>\$68,320,371</u>
\$140,311	\$168,149	\$1,580,746
15,766	128,007	461,191
109,670	12,494	122,164
62,096	109,137	1,190,179
	1,006,423	1,492,231
	51,088	51,088
<u>327,843</u>	<u>1,475,298</u>	<u>4,897,599</u>
	1,719,349	12,771,295
	64,369	1,322,328
2,176,529	4,629,396	8,966,688
<u>2,176,529</u>	<u>6,413,114</u>	<u>23,060,311</u>
505,102	2,929,822	4,419,091
594,442	11,446,745	27,329,626
	1,393,972	2,492,693
	498,567	1,765,547
		4,355,504
<u>1,099,544</u>	<u>16,269,106</u>	<u>40,362,461</u>
<u>\$3,603,916</u>	<u>\$24,157,518</u>	<u>\$68,320,371</u>

**FINANCIAL CONDITION  
ALLEN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

**December 31, 2012**

Total governmental fund balances	\$40,362,461
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Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.	60,058,597
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Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:

Accounts receivable	\$89,416	
Accrued interest receivable	79,921	
Due from other governments	5,874,025	
Property taxes receivable	866,459	
Special assessments receivable	4,245,654	
		11,155,475

Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Accrued interest payable	(86,351)	
Compensated absences payable	(2,943,955)	
General obligation bonds payable	(9,003,999)	
Unamortized bond issuance costs	53,549	
Special assessment bonds payable	(3,045,000)	
Unamortized bond premium	(118,103)	
Issue II loans payable	(1,785,972)	
OWDA loans payable	(4,889,832)	
Notes payable	(1,756,663)	
		(23,576,326)

Net position of governmental activities	<u>\$88,000,207</u>
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*See accompanying notes to the basic financial statements.*

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**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General Fund</u>	<u>Job and Family Services</u>	<u>Developmental Disabilities</u>	<u>Children Services</u>
<b>Revenues:</b>				
Property taxes	\$2,659,768		\$4,540,157	\$1,958,523
Sales tax	14,603,582			
Permissive motor vehicle license taxes				
Charges for services	4,683,896	\$90	857,592	144,039
Licenses and permits	6,382			
Fines, costs, and forfeitures	103,317			
Intergovernmental	1,757,480	8,435,348	7,771,177	3,577,933
Special assessments				
Interest	351,934		212	
Other	1,061,642	310,706	1,211,922	278,460
Total revenues	<u>25,228,001</u>	<u>8,746,144</u>	<u>14,381,060</u>	<u>5,958,955</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Legislative and executive	9,093,904			
Judicial	4,962,250			
Public safety	8,539,798			
Public works	130,122			
Health	192,291		15,308,728	
Human services	878,091	8,242,729		5,785,077
Conservation and recreation	337,465			
Other	98,141			
Capital outlay				
Intergovernmental	154,944			
<b>Debt Service:</b>				
Principal retirement	35,333			
Interest and fiscal charges	21,375			
Total expenditures	<u>24,443,714</u>	<u>8,242,729</u>	<u>15,308,728</u>	<u>5,785,077</u>
Excess of revenues over (under) expenditures	784,287	503,415	(927,668)	173,878
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	940			
Proceeds of loans and notes				
Proceeds of bonds				
Operating transfers - in				
Operating transfers - out	(71,742)			
Total other financing sources (uses)	<u>(70,802)</u>			
Excess of revenues and other financing sources over (under) expenditures and other financing uses	713,485	503,415	(927,668)	173,878
Fund balances at beginning of year	<u>6,763,244</u>	<u>1,219,683</u>	<u>11,965,892</u>	<u>2,581,882</u>
Fund balances at end of year	<u>\$7,476,729</u>	<u>\$1,723,098</u>	<u>\$11,038,224</u>	<u>\$2,755,760</u>

See accompanying notes to the basic financial statements.



<b>Motor Vehicle and Gasoline Tax</b>	<b>Other Governmental Funds</b>	<b>Total</b>
	\$1,857,964	\$11,016,412
	772,426	15,376,008
\$2,925,948		2,925,948
681,677	2,576,286	8,943,580
9,455	345,987	361,824
203,092	16,246	322,655
4,486,010	6,225,121	32,253,069
	2,018,535	2,018,535
538	764	353,448
90,508	1,612,010	4,565,248
<u>8,397,228</u>	<u>15,425,339</u>	<u>78,136,727</u>
	2,535,144	11,629,048
	3,698,852	8,661,102
	2,317,230	10,857,028
8,774,930	1,076,424	9,981,476
	371,155	15,872,174
		14,905,897
	830,990	1,168,455
		98,141
	1,087,969	1,087,969
		154,944
124,850	8,631,776	8,791,959
	706,463	727,838
<u>8,899,780</u>	<u>21,256,003</u>	<u>83,936,031</u>
(502,552)	(5,830,664)	(5,799,304)
43,266		44,206
	1,998,936	1,998,936
	3,583,000	3,583,000
	783,507	783,507
	(550,258)	(622,000)
<u>43,266</u>	<u>5,815,185</u>	<u>5,787,649</u>
(459,286)	(15,479)	(11,655)
<u>1,558,830</u>	<u>16,284,585</u>	<u>40,374,116</u>
<u>\$1,099,544</u>	<u>\$16,269,106</u>	<u>\$40,362,461</u>

**FINANCIAL CONDITION  
ALLEN COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances - total governmental funds (\$11,655)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year:

Capital outlay - depreciable capital assets	\$4,104,515	
Depreciation	<u>(3,450,486)</u>	
		654,029

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on sale of capital assets on the statement of activities.

Proceeds from sale of capital assets		(29,155)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Property taxes	(23,885)	
Sales taxes	(13,537)	
Special assessments	(143,734)	
Charges for services	43,646	
Fines and forfeitures	13,536	
Intergovernmental	95,787	
Interest	(21,548)	
Other	<u>(80,252)</u>	
		(129,987)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of activities.

General obligation bonds	4,695,000	
Special assessment bonds	1,001,000	
Notes payable	2,703,455	
Issue II loans payable	124,852	
OWDA loan payable	<u>267,652</u>	
		8,791,959

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding obligations on the statement of activities.

Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

Accrued interest payable	366,586	
Amortization of premium	9,084	
Amortization of bond issuance costs	<u>(4,549)</u>	
		\$371,121

**FINANCIAL CONDITION  
ALLEN COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

Loans and note proceeds are other financing sources in governmental funds, but the issuance increases long-term liabilities on the statement of net assets.

General obligation bonds	(\$3,583,000)
Notes payable	(\$1,945,284)
OWDA loans payable	(53,652)

Some expenses reported on the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Compensated absences payable	<u>182,523</u>
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Change in net position of governmental activities	<u><u>\$4,246,899</u></u>
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*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$2,517,000	\$2,611,488	\$2,645,111	\$33,623
Sales taxes	13,730,000	13,730,000	14,427,879	697,879
Charges for services	3,691,126	3,691,126	3,799,942	108,816
Licenses and permits	6,030	6,030	6,382	352
Fines, costs, and forfeitures	90,000	90,000	98,816	8,816
Intergovernmental	1,897,926	1,900,258	1,814,525	(85,733)
Interest	500,000	500,000	439,750	(60,250)
Rent	755,500	755,500	573,733	(181,767)
Other	302,350	310,414	487,909	177,495
Total revenues	<u>23,489,932</u>	<u>23,594,816</u>	<u>24,294,047</u>	<u>699,231</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government:</b>				
Legislative and executive	9,342,984	9,418,957	8,912,214	506,743
Judicial	5,268,814	5,299,826	4,999,566	300,260
Public safety	8,526,916	8,858,470	8,559,179	299,291
Public works	121,554	129,571	129,833	(262)
Health	195,617	195,617	192,291	3,326
Human services	1,050,609	1,051,959	892,318	159,641
Conservation and recreation	327,160	338,110	336,634	1,476
Other	50,000	100,000	98,141	1,859
Intergovernmental	170,974	170,974	154,944	16,030
<b>Debt service:</b>				
Principal retirement	35,350	35,350	35,333	17
Interest and fiscal charges	23,000	23,000	21,375	1,625
Total expenditures	<u>25,112,978</u>	<u>25,621,834</u>	<u>24,331,828</u>	<u>1,290,006</u>
Excess of revenues under expenditures	<u>(1,623,046)</u>	<u>(2,027,018)</u>	<u>(37,781)</u>	<u>1,989,237</u>
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	500	500	940	440
Advances - in	50,000	41,936	1,188	(40,748)
Advances - out	(100,000)	(114,000)	(114,000)	
Operating transfers - in	4,000	4,000		(4,000)
Operating transfers - out	378,374	385,806	418,258	32,452
Total other financing sources (uses)	<u>332,874</u>	<u>318,242</u>	<u>306,386</u>	<u>(11,856)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,290,172)</u>	<u>(1,708,776)</u>	<u>268,605</u>	<u>1,977,381</u>
Fund balance at beginning of year	5,080,403	5,080,403	5,080,403	
Unexpended prior year encumbrances	189,245	189,245	189,245	
Fund balance at end of year	<u>\$3,979,476</u>	<u>\$3,560,872</u>	<u>\$5,538,253</u>	<u>\$1,977,381</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
JOB AND FAMILY SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$11,157,000	\$11,157,000	\$6,909,049	(\$4,247,951)
Charges for services	500	500	90	(410)
Other	401,000	401,000	310,706	(90,294)
Total revenues	<u>11,558,500</u>	<u>11,558,500</u>	<u>7,219,845</u>	<u>(4,338,655)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human Services	<u>11,558,500</u>	<u>11,558,500</u>	<u>8,217,006</u>	<u>3,341,494</u>
Excess of revenues under expenditures			(997,161)	(997,161)
Fund balance at beginning of year	<u>1,533,160</u>	<u>1,533,160</u>	<u>1,533,160</u>	
Fund balance at end of year	<u><u>\$1,533,160</u></u>	<u><u>\$1,533,160</u></u>	<u><u>\$535,999</u></u>	<u><u>(\$997,161)</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
DEVELOPMENTAL DISABILITIES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$5,005,608	\$4,186,542	\$4,509,509	\$322,967
Charges for services	1,004,224	1,004,224	861,074	(143,150)
Intergovernmental	7,082,493	8,034,129	7,840,188	(193,941)
Interest	1,550	1,550	220	(1,330)
Other	1,132,247	1,132,247	1,211,922	79,675
Total revenues	<u>14,226,122</u>	<u>14,358,692</u>	<u>14,422,913</u>	<u>64,221</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Health	<u>22,978,495</u>	<u>23,502,776</u>	<u>15,079,288</u>	<u>8,423,488</u>
Excess of revenues under expenditures	(8,752,373)	(9,144,084)	(656,375)	8,487,709
<b>Other financing sources (uses):</b>				
Advances - in	41,888	418,888		(418,888)
Advances - out	(41,888)	(20,081)		20,081
Operating transfers - in	6	6		(6)
Operating transfers - out	(6)	(6)		6
Total other financing sources (uses)	<u>                  </u>	<u>398,807</u>	<u>                  </u>	<u>(398,807)</u>
Excess of revenues and other financing sources under expenditures and other financing uses	(8,752,373)	(8,745,277)	(656,375)	8,088,902
Fund balance at beginning of year	12,127,057	12,127,057	12,127,057	
Unexpended prior year encumbrances	<u>3,284</u>	<u>3,284</u>	<u>3,284</u>	
Fund balance at end of year	<u><u>3,377,968</u></u>	<u><u>\$3,385,064</u></u>	<u><u>\$11,473,966</u></u>	<u><u>\$8,088,902</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
CHILDREN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$2,645,832	\$2,383,030	\$1,947,418	(\$435,612)
Charges for services	127,000	127,000	111,837	(15,163)
Intergovernmental	3,687,810	4,030,906	3,577,933	(452,973)
Other	115,000	115,000	276,753	161,753
Total revenues	<u>6,575,642</u>	<u>6,655,936</u>	<u>5,913,941</u>	<u>(741,995)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human services	<u>6,685,532</u>	<u>6,765,826</u>	<u>5,825,334</u>	<u>940,492</u>
Excess of revenues over (under) expenditures	(109,890)	(109,890)	88,607	198,497
Fund balance at beginning of year	<u>2,864,524</u>	<u>2,864,524</u>	<u>2,864,524</u>	
Fund balance at end of year	<u><u>\$2,754,634</u></u>	<u><u>\$2,754,634</u></u>	<u><u>\$2,953,131</u></u>	<u><u>\$198,497</u></u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
MOTOR VEHICLE AND GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Permissive motor vehicle license tax	\$3,020,000	\$3,020,000	\$2,925,948	(\$94,052)
Charges for services	655,000	655,000	621,419	(33,581)
Intergovernmental	2,320,000	2,320,000	4,486,729	2,166,729
Licenses and permits	10,000	10,000	9,455	(545)
Fines and forfeitures	170,000	170,000	207,247	37,247
Interest	1,500	1,500	481	(1,019)
Other	100,000	100,000	89,615	(10,385)
<b>Total revenues</b>	<b>6,276,500</b>	<b>6,276,500</b>	<b>8,340,894</b>	<b>2,064,394</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	6,367,178	7,123,560	9,082,227	(1,958,667)
<b>Debt service:</b>				
Principal retirement	127,114	127,278	124,850	2,428
<b>Total expenditures</b>	<b>6,494,292</b>	<b>7,250,838</b>	<b>9,207,077</b>	<b>(1,956,239)</b>
Excess of revenues under expenditures	(217,792)	(974,338)	(866,183)	108,155
<b>Other financing sources:</b>				
Proceeds sale of capital assets	10,000	10,000	43,266	33,266
Excess of revenues and other financing sources under expenditures	(207,792)	(964,338)	(822,917)	141,421
Fund balance at beginning of year	786,477	786,477	786,477	
Unexpended prior year encumbrances	297,859	297,859	297,859	
<b>Fund balance at end of year</b>	<b>876,544</b>	<b>\$119,998</b>	<b>\$261,419</b>	<b>\$141,421</b>

*See accompanying notes to the basic financial statements.*



**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2012**

	<b>Business-Type Activity</b>
	<b>Sewer</b>
<b>Assets:</b>	
<b>Current assets</b>	
Equity in pooled cash and cash equivalents	\$1,364,888
Accounts receivable	1,989,901
Interfund receivable	589,456
Special assessments receivable	218,816
Prepaid items	21,853
Materials and supplies inventory	57,644
Total current assets	4,242,558
<b>Restricted assets:</b>	
Equity in pooled cash and cash equivalents	1,481,509
Cash and cash equivalents with fiscal agent	621,030
Total restricted assets	2,102,539
<b>Non-current assets:</b>	
Non-depreciable capital assets	51,219
Depreciable capital assets	40,338,131
Total noncurrent assets	40,389,350
<b>Deferred Outflows of Resources:</b>	
Unamortized bond issuance costs	162,081
Total assets	46,896,528
<b>Liabilities:</b>	
<b>Current liabilities:</b>	
Accrued wages payable	76,803
Accounts payable	17,570
Contracts payable	31,125
Interfund payable	4,000
Due to other governments	36,953
Accrued interest payable	12,018
Notes payable	2,687,500
Capital lease payable	72,940
Issue II loans payable	10,275
OWDA loans payable	242,593
Revenue bonds payable	475,000
Total current liabilities	3,666,777
<b>Long-term liabilities:</b>	
Compensated absences payable	172,985
Capital lease payable	194,974
Issue II loans payable	66,502
OWDA loans payable	8,020,849
Revenue bonds payable	2,703,093
Total long-term liabilities	11,158,403
Total liabilities	14,825,180
<b>Net position:</b>	
Net investment in capital assets	25,915,624
Unrestricted	6,155,724
Total net position	\$32,071,348

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Business-Type Activities</b>
	<b>Sewer</b>
<b>Operating Revenues:</b>	
Charges for services	\$6,581,264
Other	41,788
Total operating revenues	6,623,052
<b>Operating expenses:</b>	
Personal services	2,166,901
Contractual services	416,296
Materials and supplies	351,588
Other	2,835
Depreciation	1,749,375
Total operating expenses	4,686,995
Operating income	1,936,057
<b>Non-Operating revenues (expenses):</b>	
Loss on disposal of capital assets	
Interest revenue	2,282
Interest expense	(348,539)
Total Non-Operating revenues (expenses)	(346,257)
Gain before transfers and capital contributions	1,589,800
Capital contributions - donated assets	189,550
Transfers out	(161,507)
Change in net position	1,617,843
Net position at beginning of year	30,453,505
Net position at end of year	\$32,071,348

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Business-Type Activities</b>
	<b>Sewer</b>
<b>Increase (decrease) in cash and cash equivalents:</b>	
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$6,299,560
Cash received from other revenues	41,788
Cash payments for personal services	(2,175,206)
Cash payments to suppliers	(370,388)
Cash payments for contractual services	(392,343)
Cash payments for other expenses	(2,835)
Net cash provided by operating activities	3,400,576
<b>Cash flows from non-capital financing activities:</b>	
Cash received for advances - in	184,301
Cash payments for advances - out	(212,500)
Cash payments for operating transfers - out	(161,507)
Net cash used for non-capital financing activities	(189,706)
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(1,985,380)
Proceeds of bond anticipation notes	500,000
Principal paid on bond anticipation notes	(312,500)
Interest paid on bond anticipation notes	(87,526)
Principal paid on revenue bonds	(455,000)
Interest paid on revenue bonds	(161,048)
Principal paid on Issue II loan payable	(20,552)
Principal paid on OWDA loan payable	(481,571)
Interest paid on OWDA loan payable	(86,250)
Lease principal	(72,940)
Net cash used for capital and related financing activities	(3,162,767)
<b>Cash flows from investing activities:</b>	
Interest on investments	1,068
Net increase in cash and cash equivalents	49,171
Cash and cash equivalents at beginning of year	2,797,226
Cash and cash equivalents at end of year	\$2,846,397

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

	<b>Business-Type Activities</b>
	<b>Sewer</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$1,936,057
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>	
Depreciation	1,749,375
Changes in assets and liabilities:	
Increase in accounts receivable	(266,586)
Increase in due from special assessments	(14,143)
Decrease in materials and supplies inventory	1,470
Increase in prepaid items	(2,226)
Decrease in accounts payable	(28,417)
Increase in contracts payable	31,125
Increase in accrued wages payable	2,917
Decrease in compensated absences payable	(939)
Decrease in due to other governments	(8,057)
Total adjustments	1,464,519
Net cash provided by operating activities	\$3,400,576

Non-cash capital transactions

The Sewer enterprise fund received donated assets from developers with a fair market value of \$189,550.

The Sewer enterprise fund entered into a new lease for machinery and equipment, in the amount of \$340,854.

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2012**

	<u>Investment Trust</u>	<u>Martha Mark Private Purpose Trust</u>	<u>Agency</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,437,941	\$12,619	\$13,352,539
Cash and cash equivalents in segregated accounts		7,219	2,765,402
Accounts receivable			452,565
Due from other governments			4,075,998
Property tax receivable			76,259,817
Special assessments receivable			12,041,218
Total assets	<u>4,437,941</u>	<u>19,838</u>	<u>108,947,539</u>
<b>Liabilities:</b>			
Due to other governments			94,844,030
Undistributed monies			14,103,437
Deposits held and due to others			72
Total liabilities			<u>108,947,539</u>
<b>Net Position:</b>			
Held in trust for external pool participants	<u>4,437,941</u>	<u>19,838</u>	
Total net position	<u>\$4,437,941</u>	<u>\$19,838</u>	

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Investment Trust Funds</b>	<b>Martha Mark Private Purpose Trust</b>
<b>Revenues:</b>		
Interest	\$3,257	
<b>Expenses:</b>		
Operating expenses		
Net increase in assets resulting from operations	3,257	
Distributions to participants	(2,871)	
Capital transactions	377,122	
Total increase (decrease) in net position	377,508	
Net position beginning of year	4,060,433	\$19,838
Net position end of year	\$4,437,941	\$19,838

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. REPORTING ENTITY**

Allen County, Ohio (County) was created in 1831. 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, two Common Pleas Court Judges, a Probate/Juvenile Court Judge, and a Domestic Relations Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the 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 Allen County, this includes the Child Support Enforcement Agency, the Children's Services Board, the Board of Developmental Disabilities, the Veterans' Memorial Civic and Convention Center, and all 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. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

**Discretely Presented Component Units**

The component unit columns on the financial statements identify the financial data of the County's component units, Marimor Industries, LODDI, and the Port Authority of Allen County. They are reported separately to emphasize that they are legally separate from the County. Information about these component units are presented in Notes 25, 26, and 27 to the basic financial statements.

**Marimor Industries** - Marimor Industries (the "Workshop") is a legally separate, non-profit organization serviced by a self-appointing board of trustees. The Workshop was incorporated in 1968 to provide an opportunity for employment, training, and supportive services for persons with developmental disabilities. The Allen County Board of DD provides the Workshop with expenses and personnel for operation of the Workshop including staff salaries and benefits and certain operating expenses and capital assets. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the retarded and handicapped adults of Allen County, the Workshop is reflected as a component unit of Allen County. Marimor Industries operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from Marimor Industries, 2450 Ada Road, Lima, Ohio 45801.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**1. REPORTING ENTITY (Continued)**

**LODDI, Inc.** - LODDI, Inc. (Living Options for Developmentally Disabled Individuals) is a legally separate, non-profit organization served by a self-appointing board of trustees. LODDI was incorporated on December 1, 1992, to provide lifetime affordable housing to people in Allen County with developmental disabilities. Due to a significant portion of the organization's income being received from the Allen County Board of DD and because DD assumes the responsibility for debts upon dissolution of LODDI, LODDI is reflected as a component unit of Allen County. LODDI operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from LODDI, 2450 Ada Road, Lima, Ohio 45801.

**Port Authority of Allen County** - The Port Authority of Allen County was created pursuant to Sections 4582.202 through 4582.58, inclusive, of the Ohio Revised Code for the purpose of promoting the manufacturing, commerce, distribution and research and development interests of Allen County including rendering financial and other assistance to such enterprises situated in Allen County and to induce the location in Allen County of other manufacturing, commerce, distribution, and research entities; to purchase, subdivide, sell and lease real property in Allen County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Allen County. The Port Authority Board of Directors consists of seven members who are appointed by the Allen County Commissioners. The Port Authority operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from the Port Authority of Allen County, 144 South Main Street, Suite 200, Lima, Ohio 45801.

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 Allen County. The North Central Ohio Solid Waste Management District and Metropolitan Park Board are reported as investment trust funds since they are represented as an external investment pool. The remaining organizations are reported as agency funds within the financial statements:

- Mental Health and Recovery Services of Allen, Auglaize, and Hardin Counties
- District Board of Health
- Family and Children First Council
- Allen County Soil and Water Conservation District
- Special Emergency Planning Commission
- District Court of Appeals
- Lima-Allen County Regional Planning Commission
- Western Ohio Regional Training and Habilitation (WORTH) Center

The County is associated with certain organizations which are defined as joint ventures, jointly governed organizations, and insurance pools. These organizations are presented in Notes 22, 23, and 24 to the basic financial statements. These organizations are:

- Lima-Allen County Downtown Construction
- Mental Health and Recovery Services of Allen, Auglaize, and Hardin Counties
- Lima-Allen County Regional Planning Commission
- North Central Ohio Solid Waste Management District
- Western Ohio Regional Treatment and Habilitation (WORTH) Center
- Lima-Allen County Joint Parking Commission
- County Employee Benefits Consortium of Ohio, Inc
- County Risk Sharing Authority, Inc. (CORSA)



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Allen County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 position 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 position 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.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues 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 interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues 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. Non-major funds are aggregated and presented in a single column.

**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.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Governmental Funds**

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

**General Fund** - 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.

**Job and Family Services** - The fund accounts for federal, state, and local monies used to provide general relief and to pay providers of medical assistance and social services.

**Developmental Disabilities** - The fund accounts for the operation of a school for the mentally retarded and developmentally disabled, financed by a county-wide property tax levy and federal and state grants.

**Children Services** - The fund accounts for operations of the children's service bureau, financed by a county-wide property tax levy, federal, state and local grants, contracted services, and transfers from the general fund.

**Motor Vehicle and Gasoline Tax Fund** - The fund accounts for resources derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by state law to county road and bridge repair/improvement program.

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

**2. Proprietary Funds**

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows.

**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 is the County's only enterprise fund:

**Sewer** - The fund accounts for revenue received from user charges for sewer services provided to residents of Allen County.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County's investment trust fund accounts for the external portion of the County's investment pool. The County's agency funds 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. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its proprietary activities.

The investment trust fund is accounted for using a flow of economic resources measurement focus.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

**1. Revenues - Exchange and Non-exchange Transactions**

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty-one days after year end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the year in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: sales taxes; charges for services; fines, costs, and forfeitures; state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

**2. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County unamortized bond issuance costs represent a deferred outflow of resources.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes grants and entitlements, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

**3. Expenses/Expenditures**

On the accrual basis, expenses are recognized at the time they are incurred.

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

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the component units is not reported because they are not included in the entity for which the "appropriated budget" is adopted. 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 expenditures plus encumbrances at the level of control selected by County Commissioners. The legal level of control has been established by the County Commissioners at the personal services and other expenses classification level within each department for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue 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 certificated 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.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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".

Cash and cash equivalents that are held separately within departments of the County or by fiscal agents are recorded as "Cash and Cash Equivalents in Segregated Accounts" and "Cash and Cash Equivalents with Fiscal Agents", respectively.

Cash and cash equivalents and investments of the component units are held by the component units and are recorded as "Cash and Cash Equivalents in Segregated Accounts", and "Investments in Segregated Accounts".

During 2012, the County invested in nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2012.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest earnings are allocated to County Funds according to State statutes, grant requirements, or debt related restrictions. Interest Revenue credited to the General Fund during 2012 was \$351,934, which includes \$316,550 assigned from other County Funds.

Investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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.

Certain proceeds of enterprise fund revenue bonds are classified as restricted assets because their use is limited by applicable bond covenants.

**J. Unamortized Bond Issuance and Refunding Costs**

Unamortized bond issuance and refunding costs consist of underwriting fees and other costs incurred in the issuance and reissuance of bonds which are deferred and amortized over the life of the related new bonds issued.

**K. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the proprietary funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The County maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Building Improvements	35 years
Sewer Infrastructure	35 years
Roads	15-20 years
Bridges	10-50 years
Machinery and Equipment	12 years
Office Furniture and Equipment	5-10 years
Licensed Vehicles	6 years

**L. Interfund Receivables/Payables**

On fund financial statements, outstanding interfund loans and unpaid amounts for internal services are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the County's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on length of service and department policy.

The entire compensated absences liability is reported on the government-wide financial statements. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**N. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements as payments come due each period upon the occurrence of employee resignations and retirements. General obligation bonds, special assessment bonds, and capital leases are recognized as liabilities on the fund financial statements when due.

**O. Net Position**

Net positions represent the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net positions restricted for other purposes primarily include activities for various federal and state grants 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.

**P. 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 governmental funds. The classifications are as follows:



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Non-spendable** – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes long-term portion of interfund receivable.

**Restricted** – The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or law or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (county resolutions).

Enabling legislation authorized 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 purposes specified by the legislation.

**Committed** – The committed classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the County Commissioners. The committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of 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 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 balances represent the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Commissioners or by a County official delegated that authority by resolution.

**Unassigned** – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The County first applies restricted resources when an expenditure is 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 can be used.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

**R. Interfund Transactions**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**S. Estimates**

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

**T. Budget Stabilization Fund**

The County has a budget stabilization fund that was established with revenue from the General Fund per Ohio Revised Code Section 5705.13(A)(1). The fund is to be used to supplement the General Fund in bad economic times. The fund is fully funded.

**3. CHANGE IN ACCOUNTING PRINCIPLES**

**Changes in Accounting Principles**

GASB Statement Number 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of GASB Statement Number 60 did not have an impact on the financial statements of the County.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLES (Continued)**

GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements which does not conflict with or contradict GASB pronouncements. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of GASB Statement Number 62 did not have an impact on the financial statements of the County.

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

The implementation of GASB Statement Number 63 and 65 has changed the presentation of the County's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources. There was no effect on the beginning net position and/or fund balance.

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At December 31, 2012, the Dog and Kennel, special revenue fund and Water Projects capital projects fund had deficit fund balances of \$13,159 and \$30,555, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The County incurred negative fund balances for the Children Services Enforcement Fund (\$44,016) the Community Development Block Grant Fund (\$190,331) and the Indigent Guardian Fund (\$379), which is contrary to the Ohio Revised Code Section 5705.10(H). The County also incurred expenditures greater than appropriations in the amount of \$1,956,239 for the Motor Vehicle License Tax fund, which is contrary to Ohio Revised Code Section 5705.41(B). This was the result of failing to appropriate for on-be-half expenditures. The County continually monitors budgetary transactions to eliminate compliance errors.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE (Continued)**

Actual resources were less than appropriations in the Child Support Enforcement Agency, and Community Development special revenue funds which violated Ohio Revised Code Section 5705.36(A)(4). In addition, actual resources in the Job and Family Services(JFS) special revenue fund were significantly less than estimated resources and fell below the level of appropriations which violated Ohio Revised Code Section 5705.36(A)(4). For the JFS Fund, this occurs due to the grant funding received by Job and Family Services is on fiscal year allocations that do not always co-inside with the County's reporting period. The County continually monitors budgetary transactions to eliminate compliance errors.

Actual expenditures exceeded appropriations in the Motor Vehicle and Gasoline Tax Fund. This was the result of the County failing to amend appropriations for on-behalf grant activity which violated Ohio Revised Code Section 5705.109(H).

**5. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund; Job and Family Services; Developmental Disabilities; Children Services, and Motor Vehicle and Gasoline Tax special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. The County has certain activities within the General Fund that are not budgeted by the County Commissioners. However, this activity is included as part of the reporting entity when preparing financial statements that conform with GAAP.

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	<u>General</u>	<u>Job and Family Services</u>	<u>Developmental Disabilities</u>	<u>Children Services</u>	<u>Motor Vehicle and Gasoline Tax</u>
GAAP Basis	\$713,485	\$503,415	(\$927,668)	\$173,878	(\$459,286)
<b>Increase (Decrease) Due To:</b>					
Revenue Accruals	(120,659)	(1,526,299)	56,074	(43,307)	(56,334)
Expenditure Accruals	(15,487)	12,616	219,189	(38,985)	(9,184)
Outside Cash	13,589			(1,707)	
Materials and Supplies Inventory	(20,330)	13,107	(3,970)	(380)	(147,066)
Prepaid Items	(8,478)			(892)	(925)
Advances In	1,188				
Advances Out	(114,000)				
Perspective Difference	(114,967)				
Encumbrances Outstanding at Year End (Budget Basis)	(65,736)				(150,122)
Budget Basis	<u>\$268,605</u>	<u>(\$ 997,161)</u>	<u>(\$656,375)</u>	<u>\$ 88,607</u>	<u>(\$822,917)</u>

**6. 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 and can be deposited or invested in the following securities provided a written investment policy has been filed the 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;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio in either of the following:
  - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred and seventy days after purchase;
  - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and
12. Up to 1 percent of the County's average portfolio in 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities value at least 105% of the total value of public funds on deposit at the institution. Repurchase agreements must be obligations of or guaranteed securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the County's name.

**A. Cash on Hand**

At year end, the County had \$136,547 in un-deposited cash on hand which is included on the financial statements of the County as part of "Cash, cash equivalents and investments."

**B. Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

The County's bank balance of \$17,967,072 is either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

**C. Investments**

As of December 31, 2012 the County had the following investments:

	<b>Fair value</b>	<b>Investment Maturities (In Years)</b>	
		<b>less than 1</b>	<b>1 - 5</b>
Federal Home Loan Bank	\$ 7,802,654	\$4,021,414	\$ 3,781,240
Federal Farm Credit Bank	5,832,904	1,200,036	4,632,868
Federal Home Loan Mortgage Corporation	9,515,251	3,510,980	6,004,271
Federal National Mortgage Association	12,045,334	1,007,182	11,038,152
Fannie Mae	4,085,219		4,085,219
<b>Total Investments</b>	<b>\$39,281,362</b>	<b>\$9,739,612</b>	<b>\$29,541,750</b>

The County has adopted a policy that its portfolio shall remain sufficiently liquid to meet current obligations of the County. Minimum levels may be established in order to meet current obligations; however, the County has not limited the amount that may be invested in a particular security. The following table indicates the percentage of each investment compared to the County's total portfolio.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

	<b>Fair Value</b>	<b>Percentage of Portfolio</b>
Federal Home Loan Bank	\$7,802,654	19.86%
Federal Farm Credit Bank	5,832,904	14.85
Federal Home Loan Mortgage Corporation	9,515,251	24.22
Federal National Mortgage Association	12,045,334	30.66
Fannie Mae	4,085,219	10.41

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in anything other than securities identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County.

All securities carry a rating of AAA by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the County's name. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

**7. INVESTMENT POOL**

The County serves as fiscal agent for the Allen County Park District, a legally separate entity. The County pools the monies of this entity with the County's for investment purposes. The County cannot allocate its investments between the internal and external investment pools. The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of interest that it earns.

Condensed financial information for the investment pool is as follows:

**Statement of Net Position  
December 31, 2012**

<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$57,200,200
Accrued Interest Receivable	79,921
<b>Restricted Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	1,481,509
<b>Total Assets</b>	<b>\$58,761,630</b>
<b>Net Positions Held in Trust for Pool Participants:</b>	
Internal Portion	\$54,323,689
External Portion	4,437,941
<b>Total Net Positions Held in Trust for Pool Participants</b>	<b>\$58,761,630</b>



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**7. INVESTMENT POOL (Continued)**

**Statement of Changes in Net Position  
December 31, 2012**

<b>Revenues:</b>		
Interest		\$ 337,439
<b>Expenses:</b>		
Operating Expenses		
Net Increase in Assets Resulting from Operations		337,439
Distributions to Participants		(445,024)
Capital Transactions		49,294
Total Decrease in Net Position		(58,291)
Net Position Beginning of Year		58,819,921
Net Position End of Year		\$58,761,630

**8. RECEIVABLES**

Receivables at December 31, 2012, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; notes; and special assessments. All receivables are considered collectible within one year except for loans and special assessments. All receivables are considered collectible in full.

The County has two types of loans. Some represent zero to six percent loans for home improvements granted to eligible County residents under the Federal Community Development Block Grant program. These loans are to be repaid over periods ranging from ten to thirty years.

Some loans are zero interest loans for college tuition granted to recipients of the Craft Educational Trust Scholarship. Beginning three years after the recipient graduates from college, sixty percent of the awarded scholarship is to be repaid over the next five years. The remaining forty percent is not required to be repaid and therefore is not recorded as part of loans receivable.

A summary of the principal items of intergovernmental receivables follows:

	<b>Amount</b>
<b>Governmental Activities:</b>	
<b>Major Funds:</b>	
<b>General Fund:</b>	
Local Government	\$ 561,413
Sheriff's Contracts	36,519
Public Defender	63,956
Election Costs	64,819
Other	18,037
Total General Fund	744,744
<b>Developmental Disabilities:</b>	
IDEA	50,059
Federal Breakfast and Lunch Program	2,484
Ohio Department of Education	528,191
Other	1,706
Title XIX & XX	1,066,236
Total Developmental Disabilities	1,648,676

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**8. RECEIVABLES (Continued)**

	<b>Amount</b>
<b>Motor Vehicle and Gas Tax:</b>	
Gas Tax	1,145,341
Motor Vehicle License Tax	1,462,975
Fines and Cost	36,124
Total Motor Vehicle and Gas Tax	2,644,440
Total Major Funds	5,037,860
<b>Drug/Law Enforcement:</b>	
<b>Non-major Funds:</b>	
Fines and Cost	2,594
Safety Grants	34,633
Child Support Enforcement Agency	
Other	34,218
<b>Law Library:</b>	
Fines and Costs	26,183
Adult Probation	
Diversion	191,403
Pretrial Release	37,657
<b>Building and Expansion:</b>	
Casino	245,667
Total Non-major Funds	572,355
Total Governmental Activities	5,610,215
<b>Agency Funds:</b>	
Local Government	1,623,594
Library Local Government	1,465,494
Gasoline Tax	558,062
Motor Vehicle License Tax	428,848
Total Agency Funds	4,075,998
Total Intergovernmental Receivables	\$9,686,213

**9. PERMISSIVE SALES AND USE TAX**

In 1967, the County Commissioners, by resolution, imposed a 1 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. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

**10. 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 revenues received in 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, 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.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**10. PROPERTY TAXES (Continued)**

Public utility property tax revenues received in 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2010, were levied after October 1, 2011, and are collected 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 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.

Accrued property taxes receivable represents real property, and public utility property taxes which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2012 operations. On the full accrual basis, collectible delinquent real property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is deferred.

The full tax rate for all County operations for the year ended December 31, 2012, was \$8.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2012 property tax receipts were based are as follows:

Real Property	\$1,730,875,070
Public Utility Property	94,713,100
Total Assessed Value	\$1,825,588,170

**11. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance 1/1/2012	Additions	Reductions	Balance 12/31/2012
<b>Governmental Activities:</b>				
<b>Non-depreciable Capital Assets:</b>				
Land	\$ 3,929,515			\$ 3,929,515
Construction in Progress		\$ 565,749		567,749
Total Non-depreciable Capital Assets	3,929,515	565,749		4,495,264
<b>Depreciable Capital Assets:</b>				
Buildings and Improvements	53,571,801	105,842		53,677,643
Machinery and Equipment	2,256,696		(\$162,787)	2,093,909
Licensed Vehicles	5,130,771	330,296	(267,286)	5,193,781
Office Furniture and Equipment	5,623,578	389,927	(147,863)	5,865,642
Roads	24,176,970	1,101,120		25,278,090
Bridges	24,718,544	1,611,581	(49,057)	26,281,068
Total Depreciable Capital Assets	115,478,360	3,538,766	(626,993)	118,390,133

(Continued)

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**11. CAPITAL ASSETS (Continued)**

	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2012</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(32,742,746)	(956,029)		(33,698,775)
Machinery and Equipment	(1,948,895)	(81,434)	162,785	(1,867,544)
Licensed Vehicles	(4,122,927)	(334,785)	267,287	(4,190,425)
Office Furniture and Equipment	(4,358,004)	(370,469)	128,519	(4,599,954)
Roads	(9,285,997)	(1,179,693)		(10,465,690)
Bridges	(7,515,582)	(528,076)	39,246	(8,004,412)
Total Accumulated Depreciation	<u>(59,974,151)</u>	<u>(3,450,486)</u>	<u>597,837</u>	<u>(62,826,800)</u>
Total Depreciable Capital Assets, Net	<u>55,504,209</u>	<u>88,280</u>	<u>(29,155)</u>	<u>55,563,333</u>
Governmental Activities Capital Assets, Net	<u>59,433,724</u>	<u>654,029</u>	<u>(29,155)</u>	<u>60,058,597</u>
<b>Business-Type Activities:</b>				
Non-depreciable Capital Assets				
Land	51,219			51,219
Construction in Progress				
	<u>51,219</u>			<u>51,219</u>
Depreciable Capital Assets				
Machinery, Equipment, and Vehicles	1,837,943	369,424	(181,490)	2,025,877
Building and Building Improvements	3,551,806			3,551,806
Infrastructure	59,960,163	2,146,360		62,106,523
Total Depreciable Capital Assets	<u>65,449,912</u>	<u>2,515,784</u>	<u>(181,490)</u>	<u>67,684,206</u>
Less Accumulated Depreciation for				
Machinery, Equipment, and Vehicles	(1,267,095)	(150,388)	181,490	(1,235,993)
Building and Building Improvements	(607,422)	(101,480)		(708,902)
Infrastructure	(23,903,673)	(1,497,507)		(25,401,180)
Total Accumulated Depreciation	<u>(25,778,190)</u>	<u>(1,749,375)</u>	<u>181,490</u>	<u>(27,346,705)</u>
Total Depreciable Capital Assets, Net	<u>39,571,722</u>	<u>766,409</u>		<u>40,338,131</u>
Business-Type Activities Capital Assets, Net	<u>\$39,622,941</u>	<u>\$ 766,409</u>	<u>\$ 0</u>	<u>\$40,389,350</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government:	
Legislative and Executive	\$ 441,318
Judicial	85,602
Public Safety	269,913
Public Works	1,935,192
Health	198,349
Human Services	112,834
Conservation and Recreation	407,278
Total Depreciation Expense - Governmental Activities	<u>\$3,450,486</u>

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**12. INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at December 31, 2012, consisted of the following individual fund receivables and payables:

<b>Due to General Fund from:</b>	
Special Assessments Debt Retirement	
Children Services	\$ 46,728
Other Governmental	189,141
Total General Fund	<u>\$235,869</u>
<b>Due to Children Services from:</b>	
Job and Family Services Fund	<u>\$32,202</u>
<b>Due to Motor Vehicle and Gasoline Tax from:</b>	
General Fund	\$ 1,038
Sewer Fund	4,000
Other Governmental Funds	28,666
	<u>\$33,704</u>
<b>Due to Other Governmental from:</b>	
General Fund	\$405,000
Other Governmental	200,000
Total Other Governmental Funds	<u>\$605,000</u>
<b>Due to Sewer from:</b>	
Special Assessments Debt Retirement	\$588,616
General Fund	840
Total Sewer Fund	<u>\$589,456</u>

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

The remaining interfund receivables/payables resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**13. RISK MANAGEMENT**

**A. Other Insurance Coverage**

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 2012, the County contracted for commercial insurances. There has been no significant reduction in insurance coverage from the prior year. Settled claims have not exceeded coverage in aggregate for the past three years.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**13. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For 2012, the County elected to take advantage of a workers' compensation plan being offered by the State of Ohio. The plan, called retrospective rating, allowed the County to pay a fraction of the premium it would pay as an experience-rated risk, instead charging the County for actual claims incurred subject to the plan's individual claims cost limitation and the County's premium limitation.

**C. County Employee Benefits Consortium of Ohio, Inc.**

In 2012, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. The premiums, along with an administrative charge, are paid into the CEBCO Health Insurance internal service fund by the participating County funds and, in turn, the premiums are paid by CEBCO. Premiums charged by CEBCO are based upon the County's claims experience. An excess coverage policy covers annual individual claims in excess of \$75,000 with an unlimited maximum. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

**D. County Risk Sharing Authority, Inc.**

The County participates in a risk-sharing pool, the County Risk Sharing Authority, Inc. (CORSA), for property, casualty, and public officials' insurance coverage. The County retains the risk for property, casualty, and public officials' insurance coverage for up to \$100,000 per occurrence. Following these deductibles, the pool retains the risk per occurrence up to \$1,000,000. An excess policy insures claims exceeding this self-insured retention up to \$10,000,000. The County would retain any losses above the excess policy level. Settlement amounts have not exceeded insurance coverage for the last three years.

**14. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The County had various outstanding contracts at December 31, 2012. The following amounts remain on these contracts.

<u>Company</u>	<u>Project</u>	<u>Outstanding Balance</u>
Allen County Juvenile Court	Title IV-D	\$227,456
Beaverdam Contracting Inc.	Indian Village Sewer	236,401
URS Corporation Ohio	Engineering Shawnee II WWTP	647,000
S & S Directional Boring LTD	Indianbrook Sewer	130,238
URS Corporation Ohio	Shawnee Trunk	144,425
City of Delphos	Delphos Project	194,500

**15. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

A. The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

- 1) The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan (CO) – 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 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.

**B.** OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying 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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

**C.** The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The member contribution rates for members other than law enforcement personnel were 10.0%, 10.0%, and 10.0% for 2012, 2011, and 2010, respectively, for the County. The rate for members of law enforcement was 12.1% for 2012, 11.6% for 2011, and 11.1 for 2010.

The employer contribution rates for members other than law enforcement personnel were 14.0% of covered payroll for 2012, 2011 and 2010 respectively, for the County. The employer contribution rates for law enforcement personnel were 18.1%, 18.1%, and 17.84%, of covered payroll for 2012, 2011, and 2010, respectively, for the County. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2012, the portion of employer contributions allocated to health care was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined plan was 6.05% during calendar year 2012.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$3,701,378, \$3,330,808, and \$3,332,001, respectively; 94 percent has been contributed for 2012 and 100 percent has been contributed for 2011 and 2010. Contributions to the member directed plan for 2012 were \$112,124 made by the County and \$80,089 made by plan-members.

**B. State Teachers Retirement System**

Teachers for the Board of Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

**Plan Options** - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**15. DEFINED BENEFIT PENSION PLANS (Continued)**

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. For the fiscal years ended June 30, 2011, 2010, and 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The County's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2012, 2011, and 2010 was \$103,166, \$111,869, and \$129,462, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**16. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**16. POST-EMPLOYMENT BENEFITS (Continued)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. 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 health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interest parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

- B.** The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2012, the County contributed at 14.0% of covered payroll of members other than law enforcement personnel. The County contributed at 18.1% of covered payroll of members of law enforcement. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% and 18.1% of covered payroll of members other than law enforcement personnel and members of law enforcement, respectively. Active members do not make contributions to the OPEB Plan.

OPERS' post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2012, the portion of employer contributions allocated to health care was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined plan was 6.05% during calendar year 2012. 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.

- C.** The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 was \$1,527,599, \$1,893,432, and \$1,645,004, respectively; 94 percent has been contributed for 2012 and 100 percent for 2011 and 2010.
- D.** 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 for state and local employers increased January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rates increases allowed additional funds to be allocated to the health care plan.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**16. POST-EMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan. Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Financial Annual Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009 and 2008. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The County's contribution for health care for the fiscal years ended June 30, 2011, 2010, and 2009 was \$7,936, \$8,605, and \$9,247, respectively; 100 percent has been contributed for fiscal years 2012, 2011, and 2010.

**17. COMPENSATED ABSENCES**

Vacation leave is earned at rates which vary depending upon length of service and standard work week. The County currently has different policies regarding vacation leave. All of the policies state that the County employees are paid for all earned, unused vacation leave at the time of termination of employment with more than one year of service with the County.

Employees earn sick leave at varying rates based on whether the employee is union or non-union. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of thirty days.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**18. NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 2012 is as follows:

	<b>Interest Rate</b>	<b>Balance 1/1/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2012</b>
<b>Special Assessment Notes:</b>					
Pike Run #1150	1.90%	\$146,300	\$110,300	\$146,300	\$110,300
Diane Baughman #1198	1.90	10,000	32,000	10,000	32,000
Airport #1217	1.90	14,900	4,800	14,900	4,800
Flat Fork #1224	1.90	80,700	63,400	80,700	63,400
Earl Gaskill #1229	1.90	19,200	12,300	19,200	12,300
James Dutton #1231	1.96	22,500	19,100	26,600	15,000
Lammers #1235	1.90	6,250	4,450	6,250	4,450
Colucci #1243	1.96	80,700	69,600	91,100	59,200
Crites #1244	1.90	13,300	9,900	13,300	9,900
Merle #1246	1.90	115,500	97,600	115,500	97,600
Lost Creek #1251	1.96	789,800	789,800	1,343,800	235,800
Berryman #1252	1.90	104,500	77,700	104,500	77,700
Steinke #1253	1.96	29,900	29,000	37,700	21,200
Billymack #1256	1.96	29,150	29,150	29,150	29,150
Little Ottawa River #1260	1.96	8,000	7,500	8,860	6,640
Speedco #1262	1.96	6,800	6,800	7,100	6,500
Fairwood & Masters #1264	1.96	6,900	4,900	8,265	3,535
Moser Jt Cty #1266	1.96	170,800	42,700	170,800	42,700
Boughan #1271	1.96	150	50	150	50
Springhill & Oakwoods #1272	1.96	35,500	29,800	41,000	24,300
Fairwood #1274	1.90	5,000	5,000	5,000	5,000
Lapoint #1275	1.90	7,750	7,750	7,750	7,750
Shaw & Goddard #1276	1.90	116,600	35,600	116,600	35,600
Burkholder #1278	1.96	34,400	28,900	35,600	27,700
Welty Impro #1281	1.96	84,300	70,700	96,100	58,900
Wm Smith Jt Cty #1284	1.96	93,600	39,100	93,600	39,100
American Village #1301	1.96	8,000	8,000	8,000	8,000
Elmview Dr #1302	2.28	15,000	106,190	30,000	91,190
Kundert Group #1285	2.30		122,697	297	122,400
Jason Lamb #1305	2.28		21,600		21,600
Lakeside Estates #1307	2.28		10,000		10,000
Perry Counts #1308	2.28		36,897		36,897
Wapak Road #1309	2.28		12,000		12,000
Total Special Assessment Notes		<u>2,055,500</u>	<u>1,945,284</u>	<u>2,668,122</u>	<u>1,332,662</u>
<b>Enterprise Activities:</b>					
Sewer Improvements	2.33		500,000		500,000
Improvements for Overflow	1.88	2,500,000		312,500	2,187,500
Total Notes		<u>2,500,000</u>	<u>500,000</u>	<u>312,500</u>	<u>2,687,500</u>
Total Special Assessment and Enterprise Notes		<u>\$4,555,500</u>	<u>\$2,445,284</u>	<u>\$2,980,622</u>	<u>\$4,020,162</u>

The special assessment notes were issued for ditch improvements and for water and sewer lines. The special assessment notes will be paid from the proceeds of special assessments levied against benefited property owners. In the event the property owners do not pay their assessments, the County would be responsible for the debt payment.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. LONG-TERM OBLIGATIONS**

The County's long-term obligations activity for the year ended December 31, 2012, was as follows:

	<b>Interest Rate</b>	<b>Balance 1/1/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 12/31/2012</b>	<b>Due within a Year</b>
General Obligation Bonds						
2002 Court of Appeals (Original Amount \$2,744,85)	1.5- 5.25%	\$971,229		\$226,972	\$744,257	\$236,210
2002 County Justice Center (Original Amount \$7,655,435)	1.5-5.25	2,708,770		633,028	2,075,742	658,790
2001 Downtown Parking (Original Amount \$1,310,000)	3.3 – 5.0	800,000		800,000		
2001 Civic Center (Original Amount \$4,230,000)	3.3 – 5.0	2,569,000		2,569,000		
2008 Road Improvement (Original Amount \$1,760,000)	3.195	1,232,000		176,000	1,056,000	176,000
2011 Energy Efficiency (Original Amount \$2,320,000)	3.5	2,320,000		290,000	2,030,000	290,000
2012 Refunding Civic Center (Original Amount \$2,363,000)	2.34		\$2,363,000		2,363,000	214,000
2012 Refunding Downtown Parking (Original Amount \$735,000)	2.34		735,000		735,000	65,000
<b>Total General Obligation Bonds</b>		<u>10,600,999</u>	<u>3,098,000</u>	<u>4,695,000</u>	<u>9,003,999</u>	<u>1,640,000</u>
Special Assessment Bonds						
2002 Hixenbaugh/Copus/Indianbrook (Original Amount \$310,000)	1.5–5.25	25,000		25,000		
2006 Ft. Shawnee Waterline Refund (Original Amount \$1,892,400)	3.0 - 5.0	660,000		210,000	450,000	220,000
2002 Findlay/Ada/Stewart Road (Original Amount \$2,110,000)	1.5–5.25	1,275,000		110,000	1,165,000	115,000
2001 Allentown Road Sewer (Original Amount \$865,000)	3.3 – 5.0	530,000		530,000		
2001 East Road Waterline (Original Amount \$50,000)	3.3 – 5.0	23,000		23,000		
2001 Ottawa River Bend Waterline (Original Amount \$95,000)	3.3 – 5.0	43,000		43,000		
2006 Delmar/Glenn (Original Amount \$342,600)	3.0 – 5.0	264,000		15,500	248,500	14,500
2006 Trebor Drive Waterline (Original Amount \$11,000)	3.0 -5.0	8,000		500	7,500	500
2006 Southwood Waterline (Original Amount \$71,000)	3.0 – 5.0	49,000		3,000	46,000	4,000
2006 Berryman Waterline (Original Amount \$133,000)	3.0 – 5.0	94,000		6,000	88,000	6,000
2006 Oakview Project (Original Amount \$805,000)	3.0 – 5.0	590,000		35,000	555,000	35,000
2012 Allentown Road Project (Original Amount \$485,000)	2.34		485,000		485,000	80,833
2006 Bond Premium		127,187		9,084	118,103	9,084
<b>Total Special Assessment Bonds</b>		<u>\$3,688,187</u>	<u>\$485,000</u>	<u>\$1,010,084</u>	<u>\$3,163,103</u>	<u>\$484,917</u>

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

	<u>Interest Rate</u>	<u>Balance 1/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2012</u>	<u>Due within a Year</u>
Other Long-Term Obligations						
Compensated Absences Payable		\$3,126,482	\$228,899	\$411,422	\$2,943,959	\$1,638,820
Airport Improvement Note		459,334		35,333	424,001	35,333
Issue II Loan Payable-Phillips		58,935		7,367	51,568	3,684
Issue II Loan Payable-Second		117,881		9,431	108,450	4,715
Issue II Loan Payable-Eastown 1		696,968		49,784	647,184	24,892
Issue II Loan Payable-Eastown 2		101,423		6,762	94,661	3,381
Issue II Loan Payable-Eastown 4		633,289		34,232	599,057	17,116
Issue II Loan Payable – Road Resurfacing		302,328		17,276	285,052	8,638
OWDA Loan Payable - Lutz/Early		518,630		34,636	483,994	17,441
OWDA Loan Payable-4 <sup>th</sup> /Bowman		306,499		21,893	284,606	10,946
OWDA Loan Payable – Perry Schools Sewer		445,481		19,705	425,776	10,106
OWDA Loan Payable-Findlay Rd		393,220		18,826	374,394	9,655
OWDA Loan Payable– Westminister		3,439,998	53,652	172,592	3,321,058	
Total Other Long-Term Obligations		<u>10,600,468</u>	<u>282,551</u>	<u>839,259</u>	<u>10,043,760</u>	<u>1,784,727</u>
Total Governmental Activities		<u>24,889,654</u>	<u>3,865,551</u>	<u>6,544,343</u>	<u>22,210,862</u>	<u>3,909,644</u>
<b>Business-Type Activities:</b>						
Revenue Bonds						
2002 Sewer System	1.5-5.25					
(Original Amount \$7,171,583)		3,625,000		455,000	3,170,000	475,000
Bond Premium		9,442		1,349	8,093	1,349
Total Revenue Bonds		<u>3,634,442</u>		<u>456,349</u>	<u>3,178,093</u>	<u>476,349</u>
Compensated Absences Payable		173,924	49,910	50,849	172,985	116,213
OWDA Loan Payable-American II	1.00	8,029,980		435,602	7,594,378	219,436
OWDA Loan Payable-Bath SSO	1.00	578,424		29,483	548,941	14,852
OWDA Loan Payable – Woodbriar	1.00	136,609		16,486	120,123	8,305
Issue II Loan-Shaw WWTP/Sewer	0.00	97,329		20,552	76,777	10,275
Capital Lease Payable			340,854	72,940	267,914	72,940
Total Other Long-Term Obligations		<u>9,016,266</u>	<u>390,764</u>	<u>625,912</u>	<u>8,781,118</u>	<u>442,021</u>
Total Business-Type Activities		<u>\$12,650,708</u>	<u>\$49,910</u>	<u>\$1,082,261</u>	<u>\$11,959,211</u>	<u>\$918,280</u>

All general obligation bonds are supported by the full faith and credit of the County. General obligation bonds will be paid from un-voted property taxes. Special assessment debt is backed by the full faith and credit of the County and will be paid from the proceeds of special assessments levied against benefited property owners. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments.

The Issue II loan reflected in the business-type activities fund type will be paid from operating revenues of the sewer enterprise fund. The Issue II loans reflected in the governmental-activities fund type will be repaid from resources of governmental funds.

On November 1, 2012 the County issued \$3,583,000 various purpose refunding bonds for the current refunding of \$3,583,000 various purpose bonds. The bonds have an interest rate of 2.34 percent and were issued with a issuance cost of \$8,049 which will be amortized over the life of the bonds.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

On January 12, 2011 the County issued \$2,320,000 energy efficiency bonds. The bonds have an interest rate of 3.5 percent.

During 2010, the County received OWDA loan funds for construction of sewer projects with payments beginning in 2011 for one of the loans. The OWDA loans reflected in the business-type activities fund will be paid from operating revenues of the sewer enterprise fund.

On May 25, 2006 the County issued \$3,255,000 various purpose bonds with a portion being a current refunding of \$1,892,400 of the 1994 waterline bonds. The bonds have an interest rate ranging from 3 – 5 percent and were issued with a premium of \$181,691 and issuance cost of \$70,000 which will be amortized over the life of the bonds.

The Allen County Commissioners entered into a funding agreement with the Allen County Regional Airport (the Airport) on August 5, 2009 in the amount of \$530,000. This agreement was to issue a note to 1) renew an outstanding bond note with a balance of \$377,000, 2) to secure an additional \$130,000 to fund a 5% match for an FFA grant for improvements, and 3) pay the costs of issuing the note. The Airport has pledged its revenues to the repayment of the amounts borrowed by the County on its behalf. The note is payable over fifteen years, with a five-year fixed interest rate of 4.58 percent. At the end of the five years, this note will balloon and will need to be refinanced.

On November 1, 2002, the County issued \$7,150,000 sewer system revenue bonds for a current refunding of \$6,995,000 in sewer system revenue bonds. The callable bonds required a premium payment of \$139,100 on the call date. The refunding bonds were issued at 99.22 percent for sixteen years with interest rates ranging from 1.5 percent to 5.25 percent to repay the original debt issued for the district, and are to be paid from the enterprise fund. The reacquisition price exceeded the net carrying amount of the old debt \$302,221 and is being amortized over the life of the new debt.

In conjunction with the issuance of the sewer system revenue bonds, the County entered into a trust agreement with Fifth Third Bank. This trust agreement requires that the County establish various accounts for the repayment of debt. Certain restricted assets in the sewer fund are held by the trustees in accordance with the trust agreement. The debt will be repaid from sewer operating revenue after all operating and maintenance expenses have been paid.

Restricted assets relating to the sewer revenue bonds consisted of the following at December 31, 2012:

Restricted assets held by the trustee for debt service	\$625,949
Restricted assets held by the County for operations	1,382,274
Restricted assets held by the County for replacement and improvement	94,316

Compensated absences liabilities will be paid from the fund from which the employees' salaries are paid with the General Fund, Job & Family Services Fund, Development Disabilities Fund, Children Services Fund, and the Motor Vehicle Gasoline Tax Fund being the most significant funds. Capital lease obligations will be paid from the fund that maintains custody of the related assets.

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

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

The effects of the debt limitations described above at December 31, 2012 are an overall debt margin of \$34,279,927 and an un-voted debt margin of \$8,396,105.

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

Year	Issue II	OWDA Loans		General Obligation Bonds		Special Assessment Bonds	
	Loans	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 62,425	\$ 48,155	\$ 16,099	\$1,640,000	\$319,447	\$ 475,833	\$134,530
2014	124,850	97,593	30,915	1,705,000	248,157	490,833	112,602
2015	124,850	99,344	29,164	1,764,999	176,182	275,833	89,910
2016	124,850	101,146	27,363	1,116,000	101,744	285,833	77,955
2017	124,850	103,003	25,505	1,203,000	70,221	295,833	66,303
2018-2022	605,835	544,851	97,690	1,575,000	42,277	1,045,835	156,898
2023-2027	481,069	507,633	42,482			175,000	11,050
2028-2030	137,243	67,405	2,004				
	<u>\$1,785,972</u>	<u>\$1,568,770</u>	<u>\$271,222</u>	<u>\$9,003,999</u>	<u>\$958,028</u>	<u>\$3,045,000</u>	<u>\$649,248</u>

Year	Airport Improvement Note	
	Principal	Interest
2013	\$35,333	\$20,768
2014	388,668	
	<u>\$424,001</u>	<u>\$20,768</u>

The OWDA Loan - Westminster in the Governmental Activities has not been fully drawn as of December 31, 2012. As such, final amortization schedules are not available for these loans.

The County's future annual debt service requirements payable from business-type activities are as follows:

Year	Issue II	OWDA Loan		General Obligation Bonds	
	Loans	Principal	Interest	Principal	Interest
2013	\$10,275	\$ 242,593	\$ 41,317	\$ 475,000	\$144,213
2014	20,551	488,831	78,989	490,000	125,213
2015	20,551	493,731	74,089	510,000	106,613
2016	15,317	498,681	69,139	535,000	78,838
2017	10,083	503,680	64,140	565,000	50,750
2018-2022		2,550,188	244,387	595,000	26,031
2023-2027		3,177,345	122,712		
2028-2030		308,393	1,804		
	<u>\$76,777</u>	<u>\$8,263,442</u>	<u>\$696,577</u>	<u>\$3,170,000</u>	<u>\$530,658</u>

**Conduit Debt**

In 1998, the County issued economic development revenue bonds and health care facilities revenue bonds in the amount of \$10,400,000 and \$4,520,000, respectively. In 1999, the County issued health care facilities revenue bonds in the amount \$1,455,000.



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**19. LONG-TERM OBLIGATIONS (Continued)**

In 2001, the County issued development revenue bonds in the amount of \$1,600,000. These bonds were issued to provide financial assistance to private-sector entities for the acquisition, construction, renovating, and equipping of facilities deemed to be in the public interest.

In 2003, the County issued development revenue bonds in the amount of \$6,500,000. These bonds were issued to provide financial assistance to Chancellor Health Partners with the purchase of a senior living facility, along with its renovations.

In 2008, the County issued health care facilities revenue bonds in the amount of \$3,000,000. These bonds were issued to provide financial assistance to Lima Convalescent Home Foundation, Inc. with the acquisition, construction and equipping of a 59-unit congregate care facility for the elderly.

In, 2010, the County issued health care facilities revenue bonds in the amount of \$195,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt.

In, 2011, the County issued health care facilities revenue bonds in the amount of \$87,426,265. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. In, 2012, the County issued health care facilities revenue bonds in the amount of \$100,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt.

The bonds are secured by the property financed and are payable solely from payments received on the underlying loan or lease and the trust agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

The County is not obligated in any way to pay the debt and related charges on revenue bonds from any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012 the aggregate principal amount payable on these bonds is \$403,601,265.

**20. CAPITAL LEASES**

The County has entered into capitalized leases for machinery and equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds and as a reduction of the liability in the enterprise funds. Principal payments in 2012 were \$79,940 for the enterprise fund.

In business type activities the County has capitalized machinery and equipment in the amount of \$340,854 with accumulated depreciation of \$28,405 for a carrying value at December 31, 2012 of \$312,449.

The following is a schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**20. CAPITAL LEASES (Continued)**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 72,940	\$ 9,377
2014	72,940	7,152
2015	72,940	4,850
2016	49,094	2,467
	<u>\$267,914</u>	<u>\$23,846</u>

**21. INTERFUND TRANSFERS**

During 2012 the following transfers were made:

	<u>Transfers Out</u>			
	<u>General</u>	<u>Other Governmental</u>	<u>Sewer</u>	<u>Total</u>
Governmental Activities				
Other Governmental	\$71,742	\$550,258	\$161,507	\$783,507
Total Governmental Activities	<u>\$71,742</u>	<u>\$550,258</u>	<u>\$161,507</u>	<u>\$783,507</u>

Transfers are used to move revenues 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 revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**22. JOINT VENTURE**

**A. Lima-Allen County Downtown Construction**

The County and the City of Lima (City) entered into a joint funding agreement for the construction and funding of certain facilities, including the expansion of the Veteran's Memorial Civic and Convention Center, a parking garage, and a pedestrian overhead walkway (skywalk) from the Civic Center addition to the parking garage. The Civic Center expansion and the skywalk were constructed by and are owned by the County. The parking garage was constructed by and is owned by the City.

The operation and maintenance costs associated with the skywalk and the parking garage are the joint responsibility of the County and the City. The City and the County share equally the net revenue/(loss) derived from the garage. Complete financial information can be obtained from the Allen County Commissioners, Allen County, Ohio.

The City of Lima has agreed to enter into a long-term lease agreement with the County offering the County a one-half ownership interest in the parking garage, which will be operated and maintained by the Lima-Allen County Joint Parking Commission, in accordance with the rules and regulations established for the JPC (see Note 23). As of December 31, 2012 this lease has not been entered into.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**22. JOINT VENTURE (Continued)**

**B. Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin County**

The Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, is a three county political organization whose general purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming, while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties consist of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Allen, Auglaize and Hardin Counties in the same proportion as each county's population bears to the total population of the three counties combined. The degree of control exercised by any participating government is limited to its representation on the Board.

The Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties is a joint venture since continued participation by the County is necessary for the continued existence.

Allen County acts as the fiscal agent for the Mental Health and Recovery Services Board. The Board receives tax revenue from the three counties and receives federal and state funding through grant monies which are applied for and received by the Board of Trustees. The Mental Health and Recovery Services Board is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial information can be obtained from the Allen County Auditor, 301 North Main Street, Lima Ohio 45801.

**23. JOINTLY GOVERNED ORGANIZATIONS**

**A. Lima-Allen County Regional Planning Commission**

The Lima-Allen County Regional Planning Commission is a political organization as established and set forth under Section 713.21 et seq. of the Ohio Revised Code. Representation on the Commission consists of six delegates and six alternates appointed by the Allen County Board of Commissioners, one delegate and one alternate for each 5,000 persons determined by the last federal decennial census from each municipal corporation and each of the townships participating in the Commission; provided that in no event shall any cooperating municipality or township have less than one delegate and one alternate to the Commission.

Each participating municipality and township contributes in each calendar year twenty cents per capita according to the latest federal census. Duties of the Commission include making studies, maps, plans and other reports of the County and adjoining areas, showing recommendations for systems of transportation, highways, park and recreational facilities, water supply, sewerage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region.

The Commission has the authority to employ an Executive Director, engineers, accountants, attorneys, planners and others as may be necessary and set their compensation.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**23. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

In 2012, the County did not pay membership fees. Complete financial statements can be obtained from the Lima-Allen County Regional Planning Commission, 130 W. North Street Lima, Ohio 45801.

**B. North Central Ohio Solid Waste Management District**

Allen County participates in a Multi-County Solid Waste District (the District), along with Champaign, Hardin, Marion, Shelby and Union Counties. The District was established following the requirements of House Bill 592. The Board of Directors consists of County Commissioners from each county. Initial funding for the District was contributed by each county based on its individual county's population as compared to the total of all participating counties' populations.

Allen County, being the largest of the six counties, initially contributed 33 percent of the total funds contributed, and is the fiscal agent for the District. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County does not contribute to the Joint Solid Waste Management District nor does it anticipate doing so in the future. Complete financial statements can be obtained from the Joint Solid Waste District, 815 Shawnee Road, Suite D, Lima, Ohio 45805

**C. Western Ohio Regional Treatment and Habilitation (WORTH) Center**

The Western Ohio Regional Treatment and Habilitation (WORTH) Center is a residential probation center created in 1991 under Section 2301.51 of the Ohio Revised Code. The WORTH Center is operated by the Judicial Corrections Board for the district comprised of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties for men from the eight counties placed on probation by the Common Pleas Court that otherwise would be sentenced to incarceration in a state penal institution. Training and counseling are personalized to meet the needs of each offender and are designed to establish an ongoing treatment plan that will accompany the offender upon release from the WORTH Center. The Center is located in Allen County and the County acts as the fiscal agent.

The Judicial Corrections Board of the WORTH Center consists of ten judges of the eight member counties who are appointed by the presiding judge of the court of common pleas of Allen County. The County has entered into a sublease with the Department of Rehabilitation and Correction which stipulates that the WORTH Center building constructed by the Ohio Building Authority will revert to the County's ownership after 20 years from the start of the WORTH Center project. The County does not contribute to the Center nor does it anticipate doing so in the future. Complete financial statements can be obtained from the WORTH Center, 243 East Bluelick Road, Lima, Ohio 45802.

**D. Lima-Allen County Joint Parking Commission**

The County and the City of Lima have established a joint parking commission (JPC) which will be responsible for developing and implementing a joint City-County parking system for the Central Business District in Lima, and will have management control over the downtown parking garage and various downtown surface lots placed under the administration of the JPC by the respective parties. The JPC establishes policies for the operation of the parking system under its' control, including rates to be charged.

The JPC is comprised of two members, one appointed by the Mayor of the City of Lima, and one appointed by the President of the Board of County Commissioners.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**24. INSURANCE POOLS**

**A. County Employee Benefits Consortium of Ohio, Inc.**

The County participates with the County Employee Benefits Consortium of Ohio, Inc. (CEBCO), an Ohio not-for-profit corporation with membership open to Ohio political subdivisions, to collectively pool resources to purchase employee benefits. The County pays, on a monthly basis the annual actuarially determined funding rate. Components of the funding rate include the claims fund contribution, incurred but not reported claims, a claims contingency reserve fund, as well as the fixed cost of the consortium.

The business and affairs of the consortium are managed by a board of not less than nine or more than fifteen directors that exercise all powers of the consortium. Two thirds of the directors are County Commissioners of the member Counties and one third are employees of member Counties. Each member of the consortium is entitled to one vote. At all times, one director is required to be a member of the board of directors of the CCAO and another is required to be a board member of the County Risk Sharing Authority, Inc.

**B. County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc., (CORSA) is an Ohio not-for-profit corporation established by sixty-one counties for 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 the coverage of losses and pay all contributions necessary for the specified insurance coverage 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. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

**25. MARIMOR INDUSTRIES**

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

Marimor Industries (Industries) is presented following the provisions of NCGA Statement No. 1, "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

**2. Basis of Presentation**

The Industries is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The Industries uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**25. MARIMOR INDUSTRIES (Continued)**

**B. Deposits and Investments**

At year end, the carrying amount of deposits was \$149,862. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" as of December 31, 2012, \$0 of the organization's bank balance of \$388,758 was exposed to custodial risk as discussed above, as \$247,385 was covered by Federal Deposit Insurance Corporation and \$141,373 was covered by National Credit Union Association. Investments in marketable securities with readily determinable fair values are valued at their fair values and certificates of deposit are valued at cost in the statement of financial position. Investments are composed of Mutual Funds in the amount of \$355,897, and certificates of deposit in the amount of \$247,370 for total investments in the amount of \$603,267.

**C. Capital Assets**

The Industries had capital assets equipment, in the amount of \$643,754, as of December 31, 2012. Accumulated depreciation was \$504,791, with a net capital asset amount of \$138,963. Depreciation is computed using the straight-line method over a useful life of three to seven years.

**26. LODDI**

**A. Summary of Significant Accounting Policies**

**1. Reporting Entity**

LODDI is presented following the provisions of NCGA Statement No. 1 "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

**2. Basis of Presentation**

LODDI is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. LODDI uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**B. Deposits and Investments**

At year end, the carrying amount of LODDI deposits was \$97,555. These amounts are classified as "Cash and Cash Equivalents and Investments in Segregated Accounts" on the balance sheet. There are no statutory guidelines regarding the deposit of funds by the not-for-profit corporations.

**C. Capital Assets**

LODDI had capital assets of land and buildings, in the amounts of \$139,404 and \$1,280,137, respectively, as of December 31, 2012. Accumulated depreciation was \$354,952, with a net capital asset amount of \$1,064,589. Depreciation is computed using the straight-line method over a useful life of forty years.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**26. LODDI (Continued)**

**D. Long-Term Obligations**

	Interest Rate	Balance January 1, 2012	Additions	Reduction s	Balance December 31, 2012	Due Within One Year
Mortgage Notes Payable	4.56– 9.5%	\$65,596	\$0	\$18,736	\$46,860	\$12,716

**27. PORT AUTHORITY OF ALLEN COUNTY**

**A. Summary of Significant Accounting Policies**

**1. Basis of Presentation**

The Port Authority is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. The Port Authority uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**B. Deposits and Investments**

At year end, the carrying amount of the Port Authority deposits was \$247,869. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" as of December 31, 2008, the bank balance was fully insured. These amounts are classified as "Cash and Cash Equivalents and Investments in Segregated Accounts" on the balance sheet.

The Port Authority 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 Port Authority 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.

**C. Capital Assets**

The Port Authority had capital assets in the amount of \$5,845,560 as of December 31, 2012.

**28. RELATED PARTY TRANSACTIONS**

Marimor Industries, a discretely presented component unit of Allen County, has entered into a contract with the Allen County Board of Developmental Disabilities (DD), whereby the DD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are not reflected in the financial statements of the component unit. In 2012, the contribution to Marimor Industries for salaries, retirement, employee benefits, worker's compensation, repairs, supplies, equipment, medicare, and other expenses was \$3,589,677.

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**29. CONTINGENT LIABILITIES**

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

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

**30. SUBSEQUENT EVENTS**

On May 2, 2013 the County authorized the issuance of \$681,511 of various purpose bond anticipation notes.

On May 3, 2013 the County authorized the issuance of \$428,570 of Sewer Improvement bond anticipation notes.

May 2, 2013, the County authorized the issuance of \$504,775 of various purpose BAN, series 2010, 3rd (2013) renewal.

July 1, 2013, the County authorized the issuance of (not to exceed) \$2,820,000 various Purpose Refunding Bonds Series 2013A

July 1, 2013, the County authorized the issuance of (not to exceed) \$1,165,000 Findlay Rd Sewer Project Refunding, Series 2013B

August 27, 2013, the County authorized the refunding the General Purpose Note for Airport in the amount of \$388,668.

September 18, 2013, the County authorized the issuance of \$181,687 of Ditch Improvement Bond Anticipation Notes for various projects. In addition, the County authorized the issuance of \$291,450 of Various Purpose Ditch Improvement Bond Anticipation Notes for various ditch projects and \$509,650 in Ditch Improvement Bond Anticipation Notes, Series 2013.

**31. FUND BALANCES**

Fund balance is classified as non-spendable, 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 the government funds. The constraints placed on the fund balance for the fund types are presented below for December 31, 2012:



**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**31. FUND BALANCES (Continued)**

<b>Fund balances:</b>	<b>General Fund</b>	<b>Job and Family Services</b>	<b>Developmental Disabilities</b>	<b>Children Services</b>	<b>Motor Vehicle and Gasoline Tax</b>	<b>Other Governmental Funds</b>	<b>Total</b>
Non-spendable	\$ 755,524	\$ 79,578	\$99,882	\$ 49,183	\$ 505,102	\$ 2,929,822	\$ 4,419,091
<b>Restricted for:</b>							
Human Services		1,643,520		2,706,577			4,350,097
Health			10,938,342				10,938,342
Public Safety						804,369	804,369
Public Works					594,442	769,745	1,364,187
Conservation & Recreation						418,068	418,068
Capital Outlay						3,144,054	3,144,054
Other Purposes						6,310,509	6,310,509
Total Restricted		1,643,520	10,938,342	2,706,577	594,442	11,446,745	27,329,626
Assigned	1,098,721					1,393,972	2,492,693
Committed	1,266,980					498,567	1,765,547
Unassigned (Deficit)	4,355,504						4,355,504
Total fund balances	<u>\$7,476,729</u>	<u>\$1,723,098</u>	<u>\$11,038,224</u>	<u>\$2,755,760</u>	<u>\$1,099,544</u>	<u>\$16,269,106</u>	<u>\$40,362,461</u>

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**FINANCIAL CONDITION  
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1213-11-0003	10.561	\$920,958	
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program				
Marimor School	065821-05-PU	10.553	21,824	
National School Lunch Program				
Marimor School	065821-LL-P4	10.555	35,288	\$7,451
Total Nutrition Cluster			57,112	7,451
Total U.S. Department of Agriculture			978,070	7,451
<b>U.S. Department of Housing and Urban Development</b>				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants/State's Program				
Formula Allocation Program	B-F-11-1AB-1	14.228	17,389	
Formula Allocation Program	B-F-10-1AB-1	14.228	41,311	
Total Formula Allocation Program			58,700	
Community Housing Improvement Program (CHIP)	B-C-11-1AB-1	14.228	120,029	
Water and Sanitary Sewer Program	B-W-09-1AB-1	14.228	58,170	
Total Community Development Block Grants/State's Program			236,899	
Home Investment Partnership Program	B-C-11-1AB-2	14.239	119,317	
Total U.S. Department of Housing and Urban Development			356,216	
<b>U.S. Department of Justice</b>				
<b>Direct Program:</b>				
Bulletproof Vest Partnership Program		16.607	4,856	
<b>U.S. Department of Labor</b>				
<i>Passed through the Workforce Investment Act, Area 7:</i>				
WIA Disabled Veterans' Outreach Program (DVOP)	N/A	17.801	31,054	
Workforce Investment Act Cluster				
WIA Adult Program	N/A	17.258	294,611	
WIA Adult - Admin	N/A	17.258	4,464	
WIA Youth Activities	N/A	17.259	338,278	
WIA Youth - Admin	N/A	17.259	30,071	
WIA Dislocated Workers	N/A	17.278	425,990	
WIA Dislocated Workers - Admin	N/A	17.278	18,511	
Total Workforce Investment Act Cluster			1,111,925	
Total U.S. Department of Labor			1,142,979	

FINANCIAL CONDITION  
ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Transportation</b>				
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	PID #82051	20.205	69,415	
Highway Planning and Construction	PID #82329	20.205	262,355	
Highway Planning and Construction	PID #83345	20.205	36,411	
Highway Planning and Construction	PID #89029	20.205	6,561	
Highway Planning and Construction	PID #90190	20.205	795,520	
Highway Planning and Construction	PID #92742	20.205	20,996	
Highway Planning and Construction	PID #92471	20.205	13,109	
Highway Planning and Construction	PID #77305	20.205	205,431	
Highway Planning and Construction	PID #78999	20.205	709,151	
Total Highway Planning and Construction			2,118,949	
Highway Safety Cluster				
State and Community Highway Safety Grant	HVEO-2012-2-00-00-00	20.600	20,276	
Alcohol Impaired driving Countermeasures Incentive Grant	N/A	20.601	20,276	
Total Highway Safety Cluster			40,552	
Interagency Hazardous Materials Public Sector Training and Planning Grants				
	N/A	20.703	9,120	
Total U.S. Department of Transportation			2,168,621	
<b>U.S. Department of Education</b>				
<i>Passed through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education-Grants to States	065821-6B-SF-10P	84.027	\$78,127	
Special Education-Preschool Grants	065821-PGS1-10-P	84.173	25,523	
Total Special Education Cluster			103,650	
<i>Passed through the Ohio Department of Health:</i>				
Special Education-Grants for Infants and Families with Disabilities FY13	N/A	84.181	44,473	
Special Education - Grants for Infants and Families with Disabilities FY12	N/A	84.181	62,606	
Total Special Education - Grants for Infants and Families			107,079	
Total U.S. Department of Education			210,729	
<b>Elections Assistance Commission</b>				
<i>Passed through the Secretary of State:</i>				
Help America Vote Act Requirements Payments	N/A	90.401	2,563	
Total Elections Assistance Commission			2,563	
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through the Ohio Secretary of State:</i>				
Voting Access for Individuals with Disabilities Grants to States	N/A	93.617	920	
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	78,755	
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Social Services Block Grant	G-1213-11-0003	93.667	314,622	
Total Social Services Block Grant			393,377	

**FINANCIAL CONDITION  
ALLEN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Families	G-1213-11-0004	93.556	115,212	
Child Support Enforcement	G-1213-11-0004	93.563	1,254,206	
Grants to States for Access and Visitation Programs	G-1213-11-0004	93.597	46,597	
Children's Justice Grants to States	G-1213-11-0004	93.643	620	
Child Welfare Services State Grants	G-1213-11-0004	93.645	73,068	
Foster Care Title IV-E	N/A	93.658	1,207,561	
Adoption Assistance	N/A	93.659	949,537	
Chafee Foster Care Independence Program	G-1213-11-0003	93.674	197,069	
State Children's Insurance Program	N/A	93.767	73,239	
Child Care and Development Block Grant	G-1213-11-0003	93.575	161,898	
Temporary Assistance for Needy Families (TANF) State Programs	G-1213-11-0003	93.558	2,760,107	
<i>Medicaid Cluster:</i>				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Medical Assistance Program	G-1213-11-0003	93.778	413,515	
Total U.S. Department of Health and Human Services			3,729,817	
<b>U.S. Department of Criminal Justice</b>				
<i>Passed through the Ohio Department of Public Safety:</i>				
Edward Byrne Memorial Justice Assistance Grant - West Central Ohio Crime Task Force	2011-DL-LEF-5806	16.738	145,354	
Edward Byrne Memorial Justice Assistance Grant - West Central Ohio Crime Task Force	2011-JG-A01-6409	16.738	42,500	
Total Edward Byrne Memorial Justice Assistance Grant			187,854	
Total U.S. Department of Criminal Justice			187,854	
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the Ohio Emergency Management Agency:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	3,821	
State Homeland Security Program	2009-SS-T9-0089	97.067	6,345	
State Homeland Security Program	2009-SS-T9-0089	97.067	15,292	
State Homeland Security Program	EMW-2011-SS-00070	97.067	22,000	
State Homeland Security Program	2010-SS-T0-0012	97.067	50,994	
Total State Homeland Security Program			94,631	
<i>Emergency Management Performance Grants:</i>				
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	20,255	
Emergency Management Performance Grants	EMW-2011-EP-00003-S01	97.042	91,426	
Total Emergency Management Performance Grants			111,681	
Total U.S. Department of Homeland Security			210,133	
Total Federal Expenditures			\$12,908,947	\$7,451

See accompanying notes to the schedule of federal awards expenditures.

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**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 1 – GENERAL**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) presents the activity of all federal financial programs of Allen County, Ohio. The County reporting entity is defined in Note 1 of the County's basic financial statements. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included in the Schedule.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash disbursements; consequently, expenditures are recognized when paid rather than when the obligation is incurred.

**NOTE 3 – FOOD SERVICES PROGRAMS – MARIMOR SCHOOL**

The Department of Mental Retardation and Development Disabilities (Marimor School) received federal assistance through the School Breakfast, National School Lunch and Donated Food programs. The School Breakfast and National School Lunch programs are reimbursing in nature and revenues are considered expended when received. The above departments are allowed a selection from a pool of foods, when available, under the Food Distribution Program.

**NOTE 4 – COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS FUNDS (CDBG AND HOME)**

The County has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule. In addition, with the approval of ODOD, the County may use repaid monies for community improvement projects.

Activity in the CDBG economic development and housing revolving loan funds during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$1,959,069
Loans made	300,000
Loan principal repaid on loans issued	(223,482)
Ending loans receivable balance as of December 31, 2012	2,035,587
Cash balance on hand in the revolving loan fund as of December 31, 2012	540,039
Administrative costs expenditures during 2012	22,627
Total value of RLF portion of the CDBG 14.228 program	2,598,253
Other grants administered through the 14.228 program	236,919
Total CDBG CFDA #14.228 program	\$2,835,172
Delinquent amounts due as of December 31, 2012	\$ 126,800

**FINANCIAL CONDITION  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**NOTE 4 – COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS FUNDS (CDBG AND HOME) (Continued)**

Activity in the HOME housing revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012	\$6,457
Loans made	
Loan principal repaid on loans issued	
Ending loans receivable balance as of December 31, 2012	6,457
Cash balance on hand in the revolving loan fund as of December 31, 2012	52,429
Administrative costs expenditures during 2012	
Total value of RLF portion of the CDBG 14.239 program	58,886
Other grants administered through the 14.239 program	119,317
Total CDBG CFDA #14.239 program	\$178,203
Delinquent amounts due as of December 31, 2012	\$ 0

**NOTE 5 – MATCHING REQUIREMENTS**

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

**NOTE 6 – WORKFORCE INVESTMENT ACT**

The Workforce Investment Act requires recipients to account for this activity on an accrual basis. The activity on this Schedule is reported on a cash basis.

**NOTE 7 – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES**

During the calendar year, the County Board of Developmental Disabilities (DODD) received a refund for eFMAP (ARRA) funds for the Medicaid Program (CFDA#93.778) in the amount of \$984 from the Ohio Department of Developmental Disabilities. This refund was a correction to the eFMAP percentage for four billing cycles during July and August 2009. This revenue is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in prior reporting periods.

During the calendar year, the County Board of Developmental Disabilities received a notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$1,830. The Cost Report liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services.

This liability is not listed on the County's Schedule of Expenditures of Federal Award since the underlying expenses occurred in prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Financial Condition  
Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio (the County) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 25, 2013, wherein, we noted the County adopted the provisions of Governmental Accounting Standards Board Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and No. 65, "*Items previously reported as assets and liabilities*". Our report refers to the other auditor who audited the financial statements of the component unit Marimoor Industries, as described in our report on the Allen County financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. Another auditor audited the financial statements of the component unit LODDI as described in our report on the Allen County financial statements. The financial statements of LODDI were not audited in accordance with *Government Auditing Standards*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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***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, opining 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

September 25, 2013



# Dave Yost • Auditor of State

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

Financial Condition  
Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of Commissioners:

### ***Report on Compliance for Each Major Federal Program***

We have audited Allen County's (the County) compliance with the applicable 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 Allen County's major federal programs for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Allen County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 25, 2013

**FINANCIAL CONDITION  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Supplemental Nutrition Assistance Program CFDA #10.561; Highway Planning and Construction Grant CFDA #20.205; Social Services Block Grant CFDA #93.667 Adoption Assistance Grant CFDA #93.659
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

**FINANCIAL CONDITION  
ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

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>
2011-001	<b>Ohio Revised Code Section 5705.36(A)(4)</b> requires the County to request a reduced amended certificate of available resources when it is known that the amount of actual resources will fall below the level of appropriations.	No	No financial impact from non-compliance