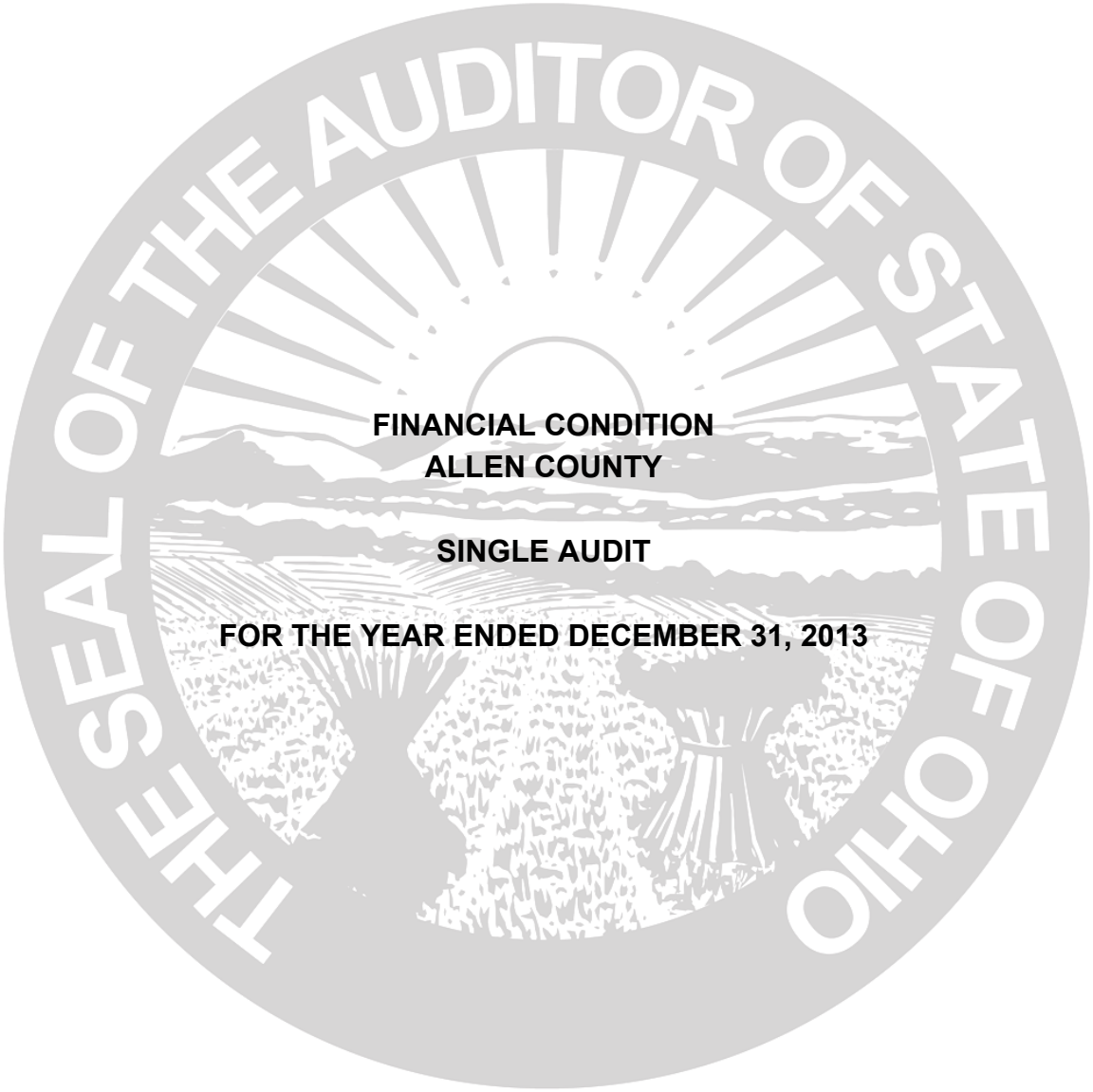

FINANCIAL CONDITION
ALLEN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2013

Dave Yost • Auditor of State

FINANCIAL CONDITION
ALLEN COUNTY

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FINANCIAL CONDITION
ALLEN COUNTY

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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, 2013, 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 financials statements of the component units LODDI and Marimor Industries, which represent 100 percent of 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 audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we 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 such 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 opinions.

Opinion

In our opinion based on our audit and the reports of the other auditor, 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 (the County), as of and for the year ended as of December 31, 2013, and the respective changes in its financial position and where applicable, its 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.

Empasis of Matter

As discussed in Note 1B to the financial statements, in 2013 the Port Authority of Allen County reorganized causing it to be classified as a related organization instead of as a discretely presented component unit.

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*, listed in the table of contents, 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 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 not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate 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 this 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 schedule 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 12, 2014, 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.

Dave Yost
Auditor of State

Columbus, Ohio

September 12, 2014

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FINANCIAL CONDITION
ALLEN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

The discussion and analysis of Allen County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2013. 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 2013 are as follows:

- In total the County's total net position decreased by $1.07 million from 2012, which represents an overall decrease of .009 percent from 2012. Governmental activities decreased by $1.14 million while business-type activities increased by $69,600.

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. 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 2013. 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.

Component Units - The County's financial statements include financial data for LODDI (Living Options for Developmentally Disabled Individuals) and Marimor Industries. 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 Funds. 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 changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The County maintains one type of proprietary fund. 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.

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.

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2013 compared to 2012.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	$66,277,334	$66,881,689	$6,511,434	$6,503,178	$72,788,768	$73,384,867
Capital Assets, Net	57,815,653	60,058,597	40,257,054	40,822,625	98,072,707	100,881,222
Total Assets	124,092,987	126,940,286	46,768,488	47,325,803	170,861,475	174,266,089
Liabilities:						
Current and Other Liabilities	7,961,747	8,734,025	3,450,154	3,780,339	11,411,901	12,514,364
Long-Term Liabilities	16,937,910	18,301,218	10,744,111	11,040,841	27,682,021	29,342,059
Total Liabilities	24,899,657	27,035,243	14,194,265	14,821,180	39,093,922	41,856,423
Deferred Inflows of Resources:						
Property Taxes	12,333,755	11,904,836			12,333,755	11,904,836
Net Position:						
Net Investment in Capital Assets	40,444,350	39,459,028	26,417,475	26,348,899	66,861,825	65,807,927
Restricted	35,451,508	31,124,523			35,451,508	31,124,523
Unrestricted	10,963,717	17,416,656	6,156,748	6,155,724	17,120,465	23,572,380
Total Net Position	$86,859,575	$88,000,207	$32,574,223	$32,504,623	$119,433,798	$120,504,830

Overall the County reported a decrease in total net position for governmental activities and business-type activities remained flat from 2012 to 2013.

Governmental activities net decrease of $1.14 million. The decrease is mainly due to a increase in deferred inflows of resources of $1.23 million. The decrease is due to deferred inflows of resources increase of $429,000 and assets decreased $711,713 more than liabilities.

Table 2 reflects the changes in net position for 2013.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
Revenues:	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Program revenues:						
Charges for services	$10,249,270	$11,366,499	$7,096,824	$6,581,264	$17,346,094	$17,947,763
Operating grants, contributions and interest	25,713,379	28,991,786			25,713,379	28,891,786
Capital grants and Contributions	1,384,679	437,813			1,384,679	437,813
Total program revenues	37,347,328	40,796,098	7,096,824	6,581,264	44,444,152	47,377,362
General revenues:						
Property taxes levied for:						
General Operating	4,046,326	4,509,018			4,046,326	4,509,018
Health - developmental disabilities	5,027,740	4,529,021			5,027,740	4,529,021
Human services–children services	2,136,288	1,954,488			2,136,288	1,954,488
Sales tax	15,343,644	15,362,471			15,343,644	15,362,471
Intergovernmental not restricted	5,476,498	4,979,912			5,476,498	4,979,912
Gain on sale of capital assets	203,164	15,051			203,164	15,051
Loss on sale of capital assets			(241,895)		(241,895)	
Interest	10,.425	340,984	1,943	2,282	12,368	343,266
Contributions				189,550		189,550
Other	4,221,017	3,964,334	27,224	41,788	4,248,241	4,006,122
Total general revenues	36,465,102	35,655,279	(212,728)	233,620	36,252,374	35,888,899
Total revenues	73,812,430	76,451,377	6,884,096	6,814,884	80,696,526	83,266,261
Transfers	209,797	161,507	(209,797)	(161,507)		
Total revenues and transfers	74,022,227	76,612,884	6,674,299	6,653,377	80,696,526	83,266,261
Program Expenses:						
General Government:						
Legislative and executive	11,758,147	11,851,551			11,758,147	11,851,551
Judicial	8,521,841	8,421,429			8,521,841	8,421,429
Public Safety	11,408,789	11,004,773			11,408,789	11,004,773
Public Works:						
Motor vehicle and gas tax	5,824,738	8,778,000			5,824,738	8,778,000
Other public works	5,712,862	129,241			5,712,862	129,241
Health:						
Developmental disabilities	15,296,189	15,268,495			15,296,189	15,268,495
Other health	149,474	350,910			149,474	350,910
Human services:						
Job and family services	7,987,041	8,267,176			7,987,041	8,267,176
Children services	5,836,461	5,770,880			5,836,461	5,770,880
Conservation and recreation	1,687,275	1,576,475			1,687,275	1,576,475
Other	174,249	98,141			174,249	98,141
Other Human Resources	282,918	337,267			282,918	337,267
Intergovernmental		154,944				154,944
Interest and fiscal charges	522,875	356,703			522,875	356,703
Sanitary sewer			6,604,699	4,602,259	6,604,699	4,602,259
Total expenses	75,162,859	72,365,985	6,604,699	4,602,259	81,767,558	76,968,244
Increase (decrease) in net assets	(1,140,632)	4,246,899	69,600	2,051,118	(1,071,032)	6,298,017
Net Position-Beginning of Year	88,000,207	83,753,308	32,504,623	30,453,505	120,504,830	114,206,813
Net Position-End of Year	$86,859,575	$88,000,207	$32,574,223	$32,504,623	$119,433,798	$120,504,830

For governmental activities, general revenues, which consist primarily of property and sales taxes and unrestricted grants and entitlements represent 49.3 percent of total revenues, and of the total general revenues, property taxes and sales taxes represent 72.8 percent of that revenue. Almost 50 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 27 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 18 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 21 percent of the expenditures which are primarily for the operation of Marimor School. Combined, these three areas account for 66 percent of the County's expenditures for 2013.

For business-type activities, after factoring in the loss from general revenues, program specific revenues are 103 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
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General Government:				
Legislative and Executive	$11,758,147	$11,851,551	$6,212,946	$7,118,629
Judicial	8,521,841	8,421,429	4,409,857	3,846,956
Public Safety	11,408,789	11,004,773	9,368,104	8,976,739
Public Works				
Motor vehicle and gasoline tax	5,824,738	8,778,000	(406,421)	482,888
Other public works	5,712,862	129,241	3,418,004	(2,336,164)
Health				
Developmental Disabilities	15,296,189	15,268,495	8,984,578	8,987,883
Other Health	149,474	350,910	149,474	82,814
Human Services:				
Job and Family Services	7,987,041	8,267,176	1,095,063	243,199
Children's Service	5,836,461	5,770,880	2,850,474	2,532,648
Other Human Services	282,918	337,267	282,918	290,539
Conservation and Recreation	1,687,275	1,576,475	753,410	733,968
Other	174,249	98,141	174,249	98,141
Intergovernmental		154,944		154,944
Interest and Fiscal Charges	522,875	356,703	522,875	356,703
Total Expenses	75,162,859	$72,365,985	37,815,531	$31,569,887

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) pay for 49 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.

Governmental Funds Financial Analysis

The County's major funds are the General Fund; Job and Family Services Fund; the Developmental Disabilities Fund; 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 a specific property tax levy to support the activities of the fund as well.

The General Fund, Developmental Disabilities Fund, and Children's Services Fund all had insignificant changes in fund balance in 2013.

Job and Family Services had a decrease of 21 percent in fund balance mainly due to a decrease in revenue in 2013.

The Motor Vehicle and Gasoline Tax fund balance increased 48 percent because revenue was greater than expenditures in 2013.

Business-Type Activities Financial Analysis

As can be seen on the statement of revenues, expenses, and changes in fund net position, the Sewer Fund had operating income for 2013 of $992,708. After non-operating activity and transfer, the fund ended with an increase in net position of $69,600.

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 $652,902. Actual expenditures were less than budgeted by $1.27 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, 2013, was $57,815,653 and $40,257,054 respectively (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and building improvements, roads, and bridge. Additions to governmental activities capital assets consisted primarily of the addition of buildings. Additional information related to capital assets is included in Note 10 of the notes to the basic financial statements.

At December 31, 2013, the County had $1,664,298 in special assessment notes payable from governmental activities and $2,303,570 in bond anticipation notes payable business-type activities. The County also had various long-term obligations outstanding. These obligations included $8,259,000 of general obligation bonds and $2,793,186 of special assessment bonds including the premiums of $109,019.

In addition to the debt outlined above, the County's long-term debt also includes compensated absences, capital leases, Issue II loans, and OWDA loans. Additional information related to debt is included in Notes 17 and 18 of the notes to the basic financial statements.

Current Issues

The unemployment rate for the County is currently 5.4 percent (as of April 2014), which is lower from one year ago. This rate is above the State's current rate of 5.3 percent and below the national rate of 6.3 percent.

Sales tax revenue for the County was up in 2013 due to the continued economy recovery. Net sales tax revenue in 2013 in the General Fund was $14,702,776 compared to $14,427,879 in 2012. 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 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, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries
Assets:					
Equity in pooled cash and cash equivalents	$38,176,322	$1,651,381	$39,827,703		
Cash and cash equivalents in segregated accounts	520,700		520,700	$176,480	$228,369
Investment in segregated accounts					522,952
Accounts receivable	60,361	1,999,691	2,060,052		42,289
Accrued inerest receivable	56,447		56,447		
Sales tax receivable	2,439,638		2,439,638		
Due from other governments	5,587,883		5,587,883		
Internal balances	(816,616)	816,616			
Prepaid items	556,870	20,107	576,977		1,943
Materials and supplies inventory	597,638	59,185	656,823		
Property tax receivable	13,254,549		13,254,549		
Loans receivable	2,095,507		2,095,507		
Special assessments receivable	3,748,035	242,347	3,990,382		
Restricted assets:					
Equity in pooled cash and cash equivalents		1,101,077	1,101,077		
Cash and cash equivalents with fiscal agents		621,030	621,030		
Non-depreciable capital assets	4,776,436	1,133,614	5,910,050	135,702	
Depreciable capital assets, net	53,039,217	39,123,440	92,162,657	866,477	137,860
Total Assets	124,092,987	46,768,488	170,861,475	1,178,659	933,413
Liabilities:					
Accrued wages payable	477,572	24,539	502,111		13,527
Accounts payable	500,165	44,613	544,778	3,531	58,514
Contracts payable	71,708	44,094	115,802	425	
Due to other governments	1,095,513	29,015	1,124,528		9,630
Accrued interest payable	62,230	10,434	72,664	80	
Retainage payable	4,062	18,595	22,657		
Long-Term Liabilities:					
Due Within One Year	5,750,503	3,280,213	9,030,716	12,724	
Due in More Than One Year	16,937,904	10,742,762	27,680,666	21,440	
Total Liabilities	24,899,657	14,194,265	39,093,922	38,200	81,671
Deferred Inflows of Resources:					
Property Taxes	12,333,755		12,333,755		
Net Position:					
Net Investment in Capital Assets	40,444,350	26,417,475	66,861,825		
Restricted for:					
Debt service	4,560,009		4,560,009		
Capital projects	1,158,305		1,158,305		
Job and Family Services	1,053,384		1,053,384		
Developmental Disabilities	11,554,464		11,554,464		
Children Services	2,633,850		2,633,850		
Motor Vehicle Gasoline Tax	3,477,566		3,477,566		
Auditor/Recorder/Clerk Fees	1,082,523		1,082,523		
Real Estate Assessment	3,002,885		3,002,885		
Revolving Loan	2,538,824		2,538,824		
Ditch Maintenance	1,096,107		1,096,107		
Other purposes	3,293,591		3,293,591		2,256
Unrestricted	10,963,717	6,156,748	17,120,465	1,140,459	849,486
Total Net Position	$86,859,575	$32,574,223	$119,433,798	$1,140,459	$851,742

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31. 2013

		Program Revenues		
Function/Program	**Expenses**	**Charges for Services**	**Operating Grants, Contributions, and Interest**	**Capital Grants and Contributions**
Governmental activities:				
General government:				
Legislative and executive	$11,758,147	$4,603,477	$937,477	$4,247
Judicial	8,521,841	1,494,686	2,617,298	
Public safety	11,408,789	507,872	1,321,207	211,606
Public works:				
Motor vehicle gas tax	5,824,738	954,048	5,277,111	
Other public works	5,712,862	1,126,032		1,168,826
Health:				
Developmental disabilities	15,296,189	925,216	5,386,395	
Other health	149,474			
Human services:				
Job and family services	7,987,041		6,891,978	
Children services	5,836,461		2,985,987	
Other human services	282,918			
Conservation and recreation	1,687,275	637,939	295,926	
Other	174,249			
Interest and fiscal charges	522,875			
Total governmental activities	75,162,859	10,249,270	25,713,379	1,384,679
Business-type activities:				
Sanitary Sewer	6,604,699	7,096,824		
Total primary government	81,767,558	17,346,094	25,713,379	1,384,679
Component Units:				
LODDI	133,959	124,790		
Marimor Industries	4,531,328	669,892	3,719,404	
Total component units	$4,665,287	$794,682	$3,719,404	$0
		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 Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries
($6,212,946)		($6,212,946)		
(4,409,857)		(4,409,857)		
(9,368,104)		(9,368,104)		
406,421		406,421		
(3,418,004)		(3,418,004)		
(8,984,578)		(8,984,578)		
(149,474)		(149,474)		
(1,095,063)		(1,095,063)		
(2,850,474)		(2,850,474)		
(282,918)		(282,918)		
(753,410)		(753,410)		
(174,249)		(174,249)		
(522,875)		(522,875)		
(37,815,531)		(37,815,531)		
	$492,125	492,125		
(37,815,531)	492,125	(37,323,406)		
			($9,169)	
				($142,032)
			(9,169)	(142,032)
4,046,326		4,046,326		
5,027,740		5,027,740		
2,136,288		2,136,288		
15,343,644		15,343,644		
5,476,498		5,476,498		
10,425	1,943	12,368	27	9,239
	(241,895)	(241,895)		
				38,651
203,164		203,164	6,757	
				4,300
4,221,017	27,224	4,248,241	12,807	52,692
36,465,102	(212,728)	36,252,374	19,591	104,882
209,797	(209,797)			
(1,140,632)	69,600	(1,071,032)	10,422	(37,150)
88,000,207	32,504,623	120,504,830	1,130,037	888,892
$86,859,575	$32,574,223	$119,433,798	$1,140,459	$851,742

FINANCIAL CONDITION
ALLEN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General Fund	Job and Family Services	Developmental Disabilities	Children Services
Assets:				
Equity in Pooled Cash and Cash Equivalents	$6,294,813	$1,595,342	$11,044,738	$2,809,268
Cash and cash equivalents in segregated accounts	1,766			12,707
Accounts receivable	10,382		49,429	
Accrued interest receivable	56,447			
Sales tax receivable	2,310,900			
Due from other governments	660,496		1,347,331	
Interfund receivable	157,545			160,894
Prepaid items	389,965	65,250		39,397
Materials and supplies inventory	42,080	76,359	93,631	8,569
Property tax receivable	2,900,211		5,888,101	2,444,053
Loans receivable				
Special assessments receivable				
Total assets	$12,824,605	$1,736,951	$18,423,230	$5,474,888
Liabilities				
Accrued wages payable	$179,541	$53,288	$104,827	$43,046
Accounts payable	79,607	43,151	90,900	98,871
Contracts payable				
Due to other governments	268,865	115,017	491,988	80,150
Interfund payable	207,255	160,894	1,500	43,242
Retainage payable				
Deferred revenue				
Total liabilities	735,268	372,350	689,215	265,309
Deferred inflows of resources:				
Property Taxes	2,900,211		5,888,101	2,444,053
Sales Tax	1,217,990			
Other	606,541		1,100,255	
Total deferred inflows of resources	4,724,742		6,988,356	2,444,053
Fund balances:				
Nonspendable	574,361	141,609	93,631	47,966
Restricted		1,222,992	10,652,028	2,717,560
Assigned	1,275,556			
Committed	1,266,980			
Unassigned (Deficit)	4,247,698			
Total fund balances	7,364,595	1,364,601	10,745,659	2,765,526
Total liabilities, deferred inflows of resources, and fund balances	$12,824,605	$1,736,951	$18,423,230	$5,474,888

See accompanying notes to the basic financial statements

Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total
$908,955	$15,523,206	$38,176,322
	506,227	520,700
550		60,361
		56,447
	128,738	2,439,638
2,675,825	904,231	5,587,883
2,255	408,552	729,246
35,047	27,211	556,870
376,999		597,638
	2,022,184	13,254,549
	2,095,507	2,095,507
	3,748,035	3,748,035
3,999,631	25,363,891	67,823,196
42,112	54,758	477,572
42,161	145,475	500,165
8,180	63,528	71,708
61,292	78,201	1,095,513
	1,132,971	1,545,862
	4,056	4,056
153,745	1,478,989	3,694,876
	2,022,184	13,254,549
	64,369	1,282,359
2,214,380	4,411,235	8,332,411
2,214,380	6,497,788	22,869,319
284,198	2,527,718	3,669,483
1,347,308	12,142,788	28,082,676
	2,196,201	3,471,757
	520,407	1,787,387
		4,247,698
1,631,506	17,387,114	41,259,001
$3,999,631	$25,363,891	$67,823,196

FINANCIAL CONDITION
ALLEN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Total governmental fund balances		$41,259,001
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.		57,815,653
Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:		
Accounts receivable	$137,600	
Accrued interest receivable	56,447	
Due from other governments	5,672,682	
Property taxes receivable	920,794	
Special assessments receivable	3,748,035	
		10,535,558
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Accrued interest payable	(62,230)	
Compensated absences payable	(3,264,138)	
General obligation bonds payable	(8,259,000)	
Capital leases payable	(37,496)	
Special assessment bonds payable	(2,684,167)	
Unamortized bond premium	(109,019)	
Issue II loans payable	(1,661,120)	
OWDA loans payable	(4,620,501)	
Notes payable	(2,052,966)	
		(22,750,637)
Net position of governmental activities		$86,859,575

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, 2013

	General Fund	Job and Family Services	Developmental Disabilities	Children Services
Revenues:				
Property taxes	$2,631,734		$4,600,188	$2,127,110
Sales tax	14,537,727			
Permissive motor vehicle license taxes				
Charges for services	4,592,055	$30	$926,957	$227,652
Licenses and permits	6,691			
Fines, costs, and forfeitures	95,249			
Intergovernmental	1,516,685	7,281,080	7,990,821	3,138,335
Special assessments				
Interest			139	
Other	1,209,317	341,828	1,400,169	318,656
Total revenues	24,589,458	7,622,938	14,918,274	5,811,753
Expenditures:				
Current:				
General government:				
Legislative and executive	8,726,327			
Judicial	5,332,773			
Public safety	8,728,809			
Public works	288,454			
Health	192,467		15,210,839	
Human services	820,078	7,981,435		5,801,987
Conservation and recreation	356,182			
Other	174,249			
Capital outlay				
Debt Service:				
Principal retirement	424,001			
Interest and fiscal charges	23,018			
Total expenditures	25,066,358	7,981,435	15,210,839	5,801,987
Excess of revenues over (under) expenditures	(476,900)	(358,497)	(292,565)	9,766
Other financing sources (uses):				
Proceeds from sale of capital assets	24,184			
Proceeds of loans and notes	388,668			
Proceeds of bonds				
Inception of capital lease				
Operating transfers - in				
Opertaing transfers - out	(48,086)			
Total other financing sources (uses)	364,766			
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(112,134)	(358,497)	(292,565)	9,766
Fund balances at beginning of year	7,476,729	1,723,098	11,038,224	2,755,760
Fund balances at end of year	$7,364,595	$1,364,601	$10,745,659	$2,765,526

See accompanying notes to the basic financial statements.

Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total
	$1,796,987	$11,156,019
	772,426	15,310,153
$2,957,065		2,957,065
736,122	2,456,841	8,939,657
9,040	458,953	474,684
197,652	37,494	330,395
2,293,429	8,506,210	30,726,560
	1,209,123	1,209,123
566	636	1,341
277,889	1,258,936	4,806,795
6,471,763	16,497,606	75,911,792
	2,772,156	11,498,483
	3,458,763	8,791,536
	2,257,674	10,986,483
5,826,183	996,294	7,110,931
	251,470	15,654,776
		14,603,500
	915,473	1,271,655
		174,249
	3,509,699	3,509,699
124,850	6,712,811	7,261,662
	470,429	493,447
5,951,033	21,344,769	81,356,421
520,730	(4,847,163)	(5,444,629)
11,232	504	35,920
	1,664,298	2,052,966
	3,985,000	3,985,000
	57,486	57,486
	258,725	258,725
	(842)	(48,928)
11,232	5,965,171	6,341,169
531,962	1,118,008	896,540
1,099,544	16,269,106	40,362,461
$1,631,506	$17,387,114	$41,259,001

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 31,2013

Net change in fund balances - total governmental funds		$896,540
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	$1,003,643	
Depreciation	(3,413,832)	
		(2,410,189)
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 position and is offset against the proceeds from the sale of capital assets resulting in a gain on sale of capital assets on the statement of activities.		
Proceeds from sale of capital assets		167,244
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Property taxes	54,335	
Sales taxes	33,491	
Special assessments	(497,619)	
Charges for services	91,565	
Fines and forfeitures	(13,536)	
Intergovernmental	(287,022)	
Interest	(23,474)	
Other	(108,200)	
		(750,460)
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	3,564,999	
Special assessment bonds	1,525,833	
Notes payable	1,756,663	
Issue II loans payable	124,850	
OWDA loan payable	269,327	
Capital leases payable	19,990	
		7,261,662
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding obligations on the statement of activities. Premims are reported as revenues when the debt is first issed; however, these amounts are deferred and amortized on the statement of activities.		
Accrued interest payable	101,118	
Amortization of premium	9,084	
		$110,202

(continued)

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 31,2013

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	(2,820,000)
Notes payable	(2,052,966)
Special assessment bonds	(1,165,000)
Capital leases payable	(57,486)
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	(320,179)
Change in net position of governmental activities	($1,140,632)

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES,EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Property taxes	$2,507,000	$2,583,496	$2,631,019	$47,523
Sales taxes	14,400,000	14,400,000	14,702,776	302,776
Charges for services	3,702,967	3,702,967	3,828,606	125,639
Licenses and permits	6,030	6,030	6,691	661
Fines, costs, and forfeitures	120,000	120,000	105,157	(14,843)
Intergovernmental	1,575,358	1,577,702	1,508,655	(69,047)
Interest	300,000	300,000	205,810	(94,190)
Rent	613,300	613,300	690,795	77,495
Other	276,127	279,526	556,414	276,888
Total revenues	23,500,782	23,583,021	24,235,923	652,902
Expenditures:				
Current:				
General government:				
Legislative and executive	9,327,794	9,189,149	8,769,005	420,144
Judicial	5,322,630	5,611,430	5,446,173	165,257
Public safety	8,535,028	9,213,450	8,898,045	315,405
Public works	287,506	311,670	292,774	18,896
Health	195,288	195,288	192,467	2,821
Human services	1,174,861	1,174,861	825,035	349,826
Conservation and recreation	338,910	370,554	364,341	6,213
Other	50,000	170,000	174,249	(4,249)
Debt service:				
Principal retirement	35,333	424,001	424,001	
Interest and fiscal charges	20,000	23,018	23,018	
Total expenditures	25,287,350	26,683,421	25,409,108	1,274,313
Excess of revenues over (under) expenditures	(1,786,568)	(3,100,400)	(1,173,185)	1,927,215
Other financing sources (uses):				
Proceeds from sale of capital assets	500	500	24,184	23,684
Proceeds of notes		388,668	388,668	
Advances - in	50,000	50,000	15,888	(34,112)
Advances - out	(117,000)	(243,839)	(237,400)	6,439
Operating transfers - in	495,000	495,000	491,000	(4,000)
Operating transfers - out	(59,000)	(52,086)	(48,086)	4,000
Total other financing sources (uses)	369,500	638,243	634,254	(3,989)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,417,068)	(2,462,157)	(538,931)	1,923,226
Fund balance at beginning of year	5,539,684	5,539,684	5,539,684	
Unexpended prior year encumbrances	65,736	65,736	65,736	
Fund balance at end of year	$4,188,352	$3,143,263	$5,066,489	$1,923,226

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES,EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Intergovernmental	$10,358,200	$10,358,200	$8,807,379	($1,550,821)
Charges for services	500	500	30	(470)
Other	386,000	386,000	341,828	(44,172)
Total revenues	10,744,700	10,744,700	9,149,237	(1,595,463)
Expenditures:				
Current:				
Human Services	10,745,200	10,745,200	8,089,895	2,655,305
Excess of revenues over (under) expenditures	(500)	(500)	1,059,342	1,059,842
Fund balance at beginning of year	535,999	535,999	535,999	
Fund balance at end of year	$535,499	$535,499	$1,595,341	$1,059,842

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES,EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Property taxes	$5,005,608	$4,292,248	$4,598,694	$306,446
Charges for services	919,406	919,406	916,820	(2,586)
Intergovernmental	7,655,796	8,553,351	7,893,911	(659,440)
Interest	1,550	1,550	145	(1,405)
Other	1,098,849	1,098,849	1,400,169	301,320
Total revenues	14,681,209	14,865,404	14,809,739	(55,665)
Expenditures:				
Current:				
Health	23,553,473	23,906,048	15,457,364	8,448,684
Excess of revenues under expenditures	(8,872,264)	(9,040,644)	(647,625)	8,393,019
Other financing sources (uses):				
Advances - in	60,000	60,000		(60,000)
Advances - out	(60,000)	(47,540)		47,540
Operating transfers - in	3,815	3,815		(3,815)
Operating transfers - out	(23,815)	(4,219)		4,219
Total other financing sources (uses)	(20,000)	12,056		(12,056)
Excess of revenues and other financing sources under expenditures and other financing uses	(8,892,264)	(9,028,588)	(647,625)	8,380,963
Fund balance at beginning of year	11,459,775	11,459,775	11,459,775	
Fund balance at end of year	$2,567,511	$2,431,187	$10,812,150	$8,380,963

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES,EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
CHILDREN'S SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (under)
Revenues:				
Property taxes	$2,265,000	$2,041,357	$2,126,569	$85,212
Charges for services	124,000	124,000	98,960	(25,040)
Intergovernmental	3,912,626	4,172,196	3,138,335	(1,033,861)
Other	269,000	269,000	318,656	49,656
Total revenues	6,570,626	6,606,553	5,682,520	(924,033)
Expenditures:				
Current:				
Human services	6,675,000	6,710,927	5,884,363	826,564
Excess of revenues under expenditures	(104,374)	(104,374)	(201,843)	(97,469)
Fund balance at beginning of year	2,953,131	2,953,131	2,953,131	
Fund balance at end of year	$2,848,757	$2,848,757	$2,751,288	($97,469)

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES,EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
MOTOR VEHICLE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues:				
Permissive motor vehicle license tax	$3,000,000	$3,000,000	$2,957,065	($42,935)
Charges for services	663,000	663,000	775,808	112,808
Intergovernmental	2,300,000	2,300,000	2,299,886	(114)
Licenses and permits	10,000	10,000	9,040	(960)
Fines and forfeitures	200,000	200,000	196,982	(3,018)
Interest	1,000	1,000	529	(471)
Other	100,910	100,910	278,782	177,872
Total revenues	6,274,910	6,274,910	6,518,092	243,182
Expenditures:				
Current:				
Public Works	6,313,949	6,444,954	5,916,669	528,285
Debt service:				
Principal retirement	125,959	125,959	124,850	1,109
Total expenditures	6,439,908	6,570,913	6,041,519	529,394
Excess of revenues over (under) expenditures	(164,998)	(296,003)	476,573	772,576
Other financing sources:				
Proceeds sale of capital assets	10,000	10,000	11,232	1,232
Operating transfers - in	155,000	155,000		(155,000)
Total other financing sources	165,000	165,000	11,232	(153,768)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2	(131,003)	487,805	618,808
Fund balance at beginning of year	261,419	261,419	261,419	
Unexpended prior year encumbrances	150,122	150,122	150,122	
Fund balance at end of year	$411,543	$280,538	$899,346	$618,808

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
A'DECEMBER 31, 2013

	Sewer
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	$1,651,381
Accounts receivable	1,999,691
Interfund receivable	816,616
Special assessments receivable	242,347
Prepaid items	20,107
Materials and supplies inventory	59,185
Total current assets	4,789,327
Restricted assets:	
Equity in pooled cash and cash equivalents	1,101,077
Cash and cash equivalents with fiscal agent	621,030
Total restricted assets	1,722,107
Non-current assets:	
Non-depreciable capital assets	1,133,614
Depreciable capital assets	39,123,440
Total noncurrent assets	40,257,054
Total assets	46,768,488
Liabilities:	
Current liabilities:	
Accrued wages payable	24,539
Accounts payable	44,613
Contracts payable	44,094
Retainage payable	18,595
Due to other governments	29,015
Accrued interest payable	10,434
Notes payable	2,303,570
Compensated absences payable	112,458
Capital lease payable	117,536
Issue II loans payable	10,275
OWDA loans payable	245,025
Revenue bonds payable	490,000
Total current liabilities	3,450,154
Long-term liabilities:	
Compensated absences payable	70,939
Capital lease payable	302,503
Issue II loans payable	45,948
OWDA loans payable	8,112,977
Revenue bonds payable	2,211,744
Total long-term liabilities	10,744,111
Total liabilities	14,194,265
Net position:	
Invested in capital assets, net of related debt	26,417,475
Unrestricted	6,156,748
Total net position	$32,574,223

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Sewer
Operating Revenues:	
Charges for services	$7,095,624
Licenses, permits, inspections	1,200
Other	27,224
Total operating revenues	7,124,048
Operating expenses:	
Personal services	2,184,500
Contractual services	1,751,847
Materials and supplies	407,929
Other	700
Depreciation	1,786,364
Total operating expenses	6,131,340
Operating income	992,708
Non-Operating revenues (expenses):	
Loss on disposal of capital assets	(241,895)
Interest revenue	1,943
Interest expense	(473,359)
Total Non-Operating revenues (expenses)	(713,311)
Gain before transfers	279,397
Transfers out	(209,797)
Change in net position	69,600
Net position at beginning of year	32,504,623
Net position at end of year	$32,574,223

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Sewer
Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Cash received from customers	$7,064,478
Cash received from other revenues	27,224
Cash payments for personal services	(2,232,544)
Cash payments to suppliers	(478,418)
Cash payments for contractual services	(1,625,267)
Cash payments for other expenses	(700)
Net cash provided by operating activities	2,754,773
Cash flows from noncapital financing activities:	
Cash received for advances - in	52,900
Cash payments for advances - out	(280,900)
Cash payments for operating transfers - out	(209,797)
Net cash used for non-capital financing activities	(437,797)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,174,511)
Proceeds of bond anticipation notes	428,570
Principal paid on bond anticipation notes	(812,500)
Interest paid on bond anticipation notes	(85,228)
Principal paid on revenue bonds	(475,000)
Interest paid on revenue bonds	(146,213)
Principal paid on Issue II loan payable	(20,551)
Principal paid on OWDA loan payable	(486,399)
Interest paid on OWDA loan payable	(85,930)
Lease principal	(121,242)
Proceeds from OWDA loans	566,146
Net cash used for capital and related financing activities	(2,412,858)
Cash flows from investing activities:	
Interest on investments	1,943
Net increase in cash and cash equivalents	(93,939)
Cash and cash equivalents at beginning of year	2,846,397
Cash and cash equivalents at end of year	$2,752,458

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)

	Sewer
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$992,708
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,786,364
Changes in assets and liabilities:	
Increase in accounts receivable	(9,790)
Increase in due from special assessments	(23,531)
Increase in materials and supplies inventory	(1,541)
Decrease in prepaid items	1,746
Increase in accounts payable	27,043
Increase in contracts payable	12,969
Decrease in accrued wages payable	(52,264)
Increase in compensated absences payable	10,412
Increase in retainage payable	18,595
Decrease in due to other governments	(7,938)
Total adjustments	1,762,065
Net cash provided by operating activities	$2,754,773

Non-cash capital transactions:

The Sewer enterprise fund entered into a new lease for machinery and equipment, in the amount of $273,367.

See accompanying notes to the basic financial statements.

FINANCIAL CONDITION
ALLEN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Investment Trust	Martha Mark Private Purpose Trust	Agency
Assets:			
Equity in Pooled Cash and Cash Equivalents	$4,858,428	$12,619	$12,016,439
Cash and cash equivalents in segregated accounts		7,219	2,279,732
Accounts receivable			467,839
Due from other governments			3,808,630
Property tax receivable			80,201,153
Special assessments receivable			12,985,654
Total assets	4,858,428	19,838	111,759,447
Liabilities:			
Due to other governments			99,467,418
Undistributed monies			12,291,957
Deposits held and due to others			72
Total liablities			$111,759,447
Net Position:			
Held in trust for external pool participants	4,858,428	19,838	
Total net position	$4,858,428	$19,838	

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, 2013

	Investment Trust Funds	Martha Mark Private Purpose Trust
Revenues:		
Interest	$4,691	
Expenses:		
Operating expenses		
Net increase in assets resulting from operations	4,691	
Distributions to participants	(4,814)	
Capital transactions	420,610	
Total increase (decrease) in net position	420,487	
Net position beginning of year	4,437,941	19,838
Net position end of year	$4,858,428	$19,838

See accompanying notes to the basic financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

1. REPORTING ENTITY

Allen County, Ohio (the 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 and LODDI. They are reported separately to emphasize that they are legally separate from the County. Information about these component units are presented in Notes 25 and 26 to the basic financial statements.

In prior years, the Port Authority of Allen County was included as discretely presented component unit. In 2013 the Port Authority of Allen County reorganized causing it to be classified as a related organization. The County no longer has a financial benefit/burden with the Port Authority, and it also does not have the authority to impose the County's will upon the Port Authority.

1. REPORTING ENTITY (Continued)

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.

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 form 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.

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 the Johnny Appleseed Metropolitan Park District 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, insurance pools, and related organizations. These organizations are presented in Notes 21, 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 (CEBCO)
County Risk Sharing Authority (CORSA)
Port Authority of Allen County

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Allen County have been prepared in conformity with generally accepted accounted 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 assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net 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. Fiduciary funds are reported by type.

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.

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 assets, 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 major enterprise fund:

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

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 positions. 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.

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.

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, 2013, but which were levied to finance year 2014 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.

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 2013, 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, 2013.

Interest earnings are allocated to County funds according to State statues, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2013 was $220,220, which includes $197,515 assigned from other County funds. A loss in market value on investments resulted in the General Fund showing no interest revenue on the GAAP basis.

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, 2013, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

K. Capital Assets

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".

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 inflow of resources. Net investment in 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:

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 5703.13(A)(1). The fund is to be used to supplement the General Fund in bad economic times. The fund is fully funded.

3. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2013, the Water Projects and Sewer Projects capital project funds had deficit fund balances of $34,840 and $84,399, 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

Actual receipts in the Job and Family Services (JFS) Fund were significantly less than estimated receipts by $1,595,463. As a result appropriations exceeded actual resources by $1,059,964 which violated Ohio Revised Code Section 5705.36(a)(4). This occurs due to the grant funding received by the 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.

4. 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; Mental Retardation and Developmental Disabilities; Children Services, and Motor Vehicle and Gas 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).

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as 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:

	General	Job and Family Services	Developmental Disabilities	Children Services	Motor Vehicle and Gasoline Tax
GAAP Basis	($112,134)	($358,497)	($292,565)	$9,766	$531,962
Increase (Decrease) Due To:					
Revenue Accruals	482,532	1,526,299	(108,535)	(129,233)	46,329
Expenditure Accruals	(448,950)	(46,430)	(252,776)	(84,161)	(174,098)
Outside Cash	4			568	
Materials and Supplies Inventory	5,359	3,220	6,251	998	92,997
Prepaid Items	28,604	(65,250)		219	59
Advances In	15,888				
Advances Out	(237,400)				
Perspective Difference	(147,256)				
Encumbrances Outstanding at Year End (Budget Basis)	(125,578)				(9,444)
Budget Basis	($538,931)	$1,059,342	($647,625)	($201,843)	$487,805

5. DEPOSITS AND INVESTMENTS

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

Monies held by the County which are not considered active are classified as inactive 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;

5. DEPOSITS AND INVESTMENTS (Continued)

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;

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.

5. DEPOSITS AND INVESTMENTS (Continued)

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.

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 $119,384 in un-deposited cash on hand which is included on the financial statements of the County as part of "Cash and Cash Equivalents".

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 $20,585,446 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, 2013 the County had the following investments:

		Investment Maturities (In Years)	
	Fair value	less than 1	1 - 5
Federal Home Loan Bank	$5,749,016	$1,155,765	$4,593,251
Federal Farm Credit Bank	9,033,780		9,033,780
Federal Home Loan Mortgage Corporation	11,079,553	1,001,867	10,077,686
Federal National Mortgage Association	11,125,093	1,729,531	9,395,562
STAR Ohio	56	56	
Mutual funds	1,035,740	1,035,740	
Total Investments	$38,023,238	$4,922,959	$33,100,279

5. DEPOSITS AND INVESTMENTS (Continued)

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.

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	$5,749,016	15.11%
Federal Farm Credit Bank	9,033,780	23.76%
Federal Home Loan Mortgage Corporation	11,079,553	29.14%
Federal National Mortgage Association	11,125,093	29.26%
Mutual Funds	1,035,740	2.70%
Star Ohio	56	.03%

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 statue. 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 would 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 of State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the County Treasurer or qualified trustee.

6. INVESTMENT POOL

The County serves as fiscal agent for the Northwest Ohio Solid Waste District and the Johnny Appleseed Metropolitan 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:

6. INVESTMENT POOL (Continued)

Statement of Net Position
December 31, 2013

Assets:	
Equity in Pooled Cash and Cash Equivalents	$56,715,189
Accrued Interest Receivable	56,447
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	1,101,077
Total Assets	$57,872,713
Net Positions Held in Trust for Pool Participants:	
Internal Portion	$53,014,285
External Portion	4,858,428
Total Net Positions Held in Trust for Pool Participants	$57,872,713

Statement of Changed in Net Position
December 31, 2013

Revenues:	
Interest	$7,975
Expenses:	
Operating Expenses	
Net Increase in Assets Resulting from Operations	7,975
Distributions to Participants	214,518
Capital Transactions	(1,111,410)
Total Decrease in Net Position	(888,971)
Net Position Beginning of Year	58,761,630
Net Position End of Year	$57,872,713

7. RECEIVABLES

Receivables at December 31, 2013, 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.

7. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Major Funds:	
General Fund:	
Local Government	$426,125
Sheriff's Contracts	19,088
Public Defender	83,158
Election Costs	132,125
Total General Fund	660,496
Developmental Disabilities:	
IDEA	39,858
Ohio Department of Education	475,291
Other	87,544
Title XIX & XX	744,638
Total Developmental Disabilities	1,347,331
Motor Vehicle and Gas Tax:	
Gas Tax	1,149,943
Motor Vehicle License Tax	1,478,533
Fines and Cost	47,349
Total Motor Vehicle and Gas Tax	2,675,825
Total Major Funds	4,683,652
Drug/Law Enforcement:	
Fines and Cost	$998
Safety Grants	3,912
Child Support Enforcement Agency	
Other	35,362
Law Library:	
Fines and Costs	12,767
Adult Probation:	
Diversion	206,403
Pretrial Release	6,680
Pre-Sentence Investigation	31,017
Probation Improvement	246,526
Emergency Management Agency:	
Safety Grant	41,500
Building and Expansion:	
Casino	319,066
Total Non-major Funds	904,231
Total Governmental Activities	5,587,883
Agency Funds:	
Local Government	1,233,106
Library Local Government	1,610,411
Gasoline Tax	563,717
Motor Vehicle License Tax	401,396
Total Agency Funds	3,808,630
Total Intergovernmental Receivables	$9,396,513

8. 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.

9. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility real property, and public utility tangible personal property located in the County. Real property tax revenues received in 2013 represent the collection of 2012 taxes. Real property taxes received in 2013 were levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2011, were levied after October 1, 2012, 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, 2013, 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 2013 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, 2013, 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	$1,731,994,020
Public Utility Property	111,781,090
Total Assessed Value	$1,843,775,110

10. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, was as follows:

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	$3,929,515			$3,929,515
Construction in Progress	565,749	$281,172		846,921
Total Non-depreciable Capital Assets	4,495,264	281,172		4,776,436
Depreciable Capital Assets:				
Buildings and Improvements	53,677,643	490,356		54,167,999
Machinery and Equipment	2,093,909	57,487	($284,228)	1,867,168
Licensed Vehicles	5,193,781	94,190	(217,066)	5,070,905
Office Furniture and Equipment	5,865,642	68,583	(860,158)	5,074,067
Roads	25,278,090	11,855		25,289,945
Bridges	26,281,068			26,281,068
Total Depreciable Capital Assets	118,390,133	722,471	(1,361,452)	117,751,152
Less Accumulated Depreciation for:				
Buildings	(33,698,775)	(970,039)		(34,668,814)
Machinery and Equipment	(1,867,544)	(70,792)	328,633	(1,609,703)
Licensed Vehicles	(4,190,425)	(315,297)	233,316	(4,272,406)
Office Furniture and Equipment	(4,599,954)	(350,680)	966,748	(3,983,886)
Roads	(10,465,690)	(1,180,483)		(11,646,173)
Bridges	(8,004,412)	(526,541)		(8,530,953)
Total Accumulated Depreciation	(62,826,800)	(3,413,832)	1,528,697	(64,711,935)
Total Depreciable Capital Assets, Net	55,563,333	(2,691,361)	167,245	53,039,217
Governmental Activities Capital Assets, Net	$60,058,597	($2,410,189)	$167,245	$57,815,653

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
Business-Type Activities:				
Non-depreciable Capital Assets:				
Land	$51,219			$51,219
Construction in Progress		$1,082,395		1,082,395
	51,219	1,082,395		1,133,614
Depreciable Capital Assets:				
Machinery, Equipment, and Vehicles	2,025,877	378,434	($361,375)	2,042,936
Building and Building Improvements	3,551,806			3,551,806
Infrastructure	62,106,523	435,134		62,541,657
Total Depreciable Capital Assets	67,684,206	813,568	(361,375)	68,136,399
Less Accumulated Depreciation for:				
Machinery, Equipment, and Vehicles	(1,235,993)	(174,941)	119,480	(1,291,454)
Building and Building Improvements	(708,902)	(101,480)		(810,382)
Infrastructure	(25,401,180)	(1,509,943)		(26,911,123)
Total Accumulated Depreciation	(27,346,705)	(1,786,364)	119,480	(29,012,959)
Total Depreciable Capital Assets, Net	40,338,131	(972,796)	(241,895)	39,123,440
Business-Type Activities Capital Assets, Net	$40,389,350	$109,599	($241,895)	$40,257,054

10. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government:	
Legislative and Executive	$436,244
Judicial	88,423
Public Safety	251,941
Public Works	1,916,980
Health	199,322
Human Services	112,460
Conservation and Recreation	408,462
Total Depreciation Expense - Governmental Activities	$3,413,832

11. INTERFUND RECEIVABLES/PAYABLES

Interfund balances at December 31, 2013, consisted of the following individual fund receivables and payables:

Due to General Fund from:	
Children Services	$43,242
Other Governmental	114,303
Total General Fund	$157,545
Due to Motor Vehicle and Gasoline Tax from:	
General Fund	$2,255
Due to Children Services from:	
Job and Family Services Fund	$160,894
Due to Other Governmental from:	
General Fund	205,000
Developmental Disabilities	1,500
Other Governmental	202,052
Total Other Governmental Funds	$408,552
Due to Sewer from:	
Other Governmental	$816,616

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.

12. 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 2013, 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.

B. Workers' Compensation

For 2013, 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 2013, 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 official's 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. Settled amounts have not exceeded insurance coverage for the past three years.

13. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The County had various outstanding contracts at December 31, 2013. The following amounts remain on these contracts.

Company	Project	Outstanding Balance
Allen County Juvenile Court	Title IV-D	$234,916
Armcorp Construction, Inc.	Building Remodel	1,343,000
Beaverdam Contracting Inc.	Indian Village Sewer	516,075
Kohli & Kaliher Associates	Engineering Services	283,941
Woolpert Consultants	Oblique Imagery	178,780
Lexur Enterprises, Inc.	Property Revaluation	567,439

14. 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:

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.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, 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 2013, 2012, and 2011, respectively, for the County. The rate for members of law enforcement was 12.6% for 2013, 12.1% for 2012, and 11.6 % for 2011.

The employer contribution rates for members other than law enforcement personnel were 14.0% of covered payroll for 2013, 2012 and 2011 respectively, for the County. The employer contribution rates for law enforcement personnel were 18.1%, 18.1%, and 18.1%, of covered payroll for 2013, 2012, and 2011, respectively, for the County.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were $5,063,631, $3,701,378, and $3,330,808, respectively; 91% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. Contributions to the member directed plan for 2013 were $105,908 made by the County and $75,649 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.

14. DEFINED BENEFIT PENSION PLANS (Continued)

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.

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.

14. DEFINED BENEFIT PENSION PLANS (Continued)

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.

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, 2013, 2012, and 2011, 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, 2013, 2012, and 2011 was $99,683, $103,166, and $111,869, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

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.

15. POSTEMPLOYMENT 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.

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 2013, 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 2013, the portion of employer contributions allocated to health care was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. 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.

15. POSTEMPLOYMENT BENEFITS (Continued)

C. The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 was $378,705, $1,527,599, and $1,893,379, respectively; 91% has been contributed for 2013 and 100% for 2012 and 2011.

D. Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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 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, 2013, 2012 and 2011. 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, 2013, 2012, and 2011 was $7,120, $7,936, and $8,605, respectively; 100 percent has been contributed for fiscal years 2013, 2012, and 2011.

16. 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.

17. NOTES PAYABLE

A summary of the note transactions for the year ended December 31, 2013 is as follows:

	Interest Rate	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
Pike Run #1150	2.25%	$110,300	$86,800	$110,300	$86,800
Diane Baughman #1198	2.25	32,000	32,000	32,000	32,000
Airport #1217		4,800		4,800	
Flat Fork #1224	2.25	63,400	48,900	63,400	48,900
Earl Gaskill #1229	2.25	12,300	5,800	12,300	5,800
James Dutton #1231	1.83	15,000	13,000	15,000	13,000
Lammers #1235	2.25	4,450	3,350	4,450	3,350
Colucci #1243	1.83	59,200	48,200	59,200	48,200
Crites #1244	2.25	9,900	5,400	9,900	5,400
Merle #1246	2.25	97,600	66,600	97,600	66,600
Lost Creek #1251	1.83	235,800	205,800	235,800	205,800
Berryman #1252	2.25	77,700	47,000	77,700	47,000
Steinke #1253	1.83	21,200	17,200	21,200	17,200
Billymack #1256	1.83	29,150	29,150	29,150	29,150
Little Ottawa River #1260	1.83	6,640	6,640	6,640	6,640
Speedco #1262	1.83	6,500	6,500	6,500	6,500
Fairwood & Masters #1264	1.83	3,535	2,535	3,535	2,535
Moser Jt Cty #1266	1.83	42,700	40,700	42,700	40,700
Boughan #1271	1.83	$50	$50	$50	$50
Springhill & Oakwoods #1272	1.83	24,300	17,300	24,300	17,300
Fairwood #1274	2.25	5,000	5,000	5,000	5,000
Lapoint #1275	1.83	7,750	54,039	7,750	54,039
Shaw & Goddard #1276	2.25	35,600	12,600	35,600	12,600
Burkholder #1278	1.83	27,700	24,700	27,700	24,700
Welty Impro #1281	1.83	58,900	46,900	58,900	46,900
Wm Smith Jt Cty #1284	1.83	39,100	38,100	39,100	38,100
American Village #1301	2.25	8,000	57,650	8,000	57,650
Elmview Dr #1302	2.25	91,190	91,190	91,190	91,190
Kundert Group #1285	1.83	122,400	122,697	122,400	122,697
Warrington #1304	2.25		200,000		200,000
Jason Lamb #1305	2.25	21,600	16,600	21,600	16,600
Lakeside Estates #1307	2.25	10,000	10,000	10,000	10,000
Wapak Road #1309	2.25	12,000	12,000	12,000	12,000
Langhals #1310	2.25		170,000		170,000
Etzkorn #1315	2.25		70,000		70,000
Cody Nichols #1316	2.25		20,000		20,000
Total Special Assessment Notes		1,332,662	1,664,298	1,332,662	1,664,298
Enterprise Activities					
Sewer Improvements	2.12	500,000	428,570	500,000	428,570
Improvements for Overflow	1.88	2,187,500		312,500	1,875,000
Total Bond Anticipation Notes		2,687,500	428,570	812,500	2,303,570
Total Notes Payable		$4,020,162	$2,092,868	$2,145,162	$3,967,868

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.

18. LONG-TERM OBLIGATIONS

The County's long-term obligations activity for the year ended December 31, 2013, was as follows:

	Interest Rate	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013	Due within a Year
General Obligation Bonds:						
2002 Court of Appeals (Original Amount $2,744,85)	1.5-5.25%	$744,257		$744,257		
2002 County Justice Center (Original Amount $7,655,435)	1.5 – 5.25	2,075,742		2,075,742		
2008 Road Improvement (Original Amount $1,760,000)	3.195	1,056,000		176,000	$880,000	$176,000
2011 Energy Efficiency (Original Amount $2,320,000)	3.5	2,030,000		290,000	1,740,000	290,000
2012 Refunding Civic Center (Original Amount $2,363,000)	2.34	2,363,000		214,000	2,149,000	229,000
2012 Refunding Downtown Parking (Original Amount $735,000)	2.34	735,000		65,000	670,000	75,000
2013 Refunding Court of Appeals (Original Amount $744,258)	1.93		$744,258		744,258	248,086
2013 Refunding Justice Center (Original Amount $2,075,742)	1.93		2,075,742		2,075,742	691,914
Total General Obligation Bonds		9,003,999	2,820,000	3,564,999	8,259,000	1,710,000
Special Assessment Bonds:						
2006 Ft. Shawnee Waterline Refund (Original Amount $1,892,400)	3.0 - 5.0	450,000		220,000	230,000	230,000
2002 Findlay/Ada/Stewart Road (Original Amount $2,110,000)	1.5 – 5.25	1,165,000		1,165,000		
2005 Delmar/Glenn Sewer (Original Amount $342,600)	3 – 5	248,500		14,500	234,000	14,500
2006 Trebor Drive Waterline (Original Amount $11,000)	3.0 -5.0	7,500		500	7,000	500
2006 Southwood Waterline (Original Amount $71,000)	3.0 – 5.0	46,000		4,000	42,000	4,000
2006 Berryman Waterline (Original Amount $133,000)	3.0 – 5.0	88,000		6,000	82,000	6,000
2006 Oakview Project (Original Amount $805,000)	3.0 – 5.0	555,000		35,000	520,000	35,000
2012 Allentown Road Project (Original Amount $485,000)	2.34	485,000		80,833	404,167	80,833
2013 Findlay Road Sewer (Original Amount $1,165,000)	2.23		1,165,000		1,165,000	145,625
2006 Bond Premium		118,103		9,084	109,019	9,084
Total Special Assessment Bonds		$3,163,103	$1,165,000	$1,534,917	$2,793,186	$525,542

18. LONG-TERM OBLIGATIONS (Continued)

	Interest Rate	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013	Due within a Year
Other Long-Term Obligations						
Compensated Absences Payable		$2,943,959	$601,668	$281,489	$3,264,138	$1,672,299
Airport Improvement Note		424,001	388,668	424,001	388,668	48,583
Issue II Loan Payable-Phillips		51,568		7,367	44,201	3,684
Issue II Loan Payable-Second		108,450		9,431	99,019	4,715
Issue II Loan Payable-Eastown 1		647,184		49,784	597,400	24,892
Issue II Loan Payable-Eastown 2		94,661		6,762	87,899	3,381
Issue II Loan Payable-Eastown 4		599,057		34,232	564,825	17,116
Issue II Loan Payable – Road Resurfacing		285,052		17,276	267,776	8,638
OWDA Loan Payable - Lutz/Early		483,994		34,983	449,011	17,623
OWDA Loan Payable-4th /Bowman		284,606		21,893	262,713	10,946
OWDA Loan Payable – Perry Schools Sewer		425,776		20,385	405,391	10,455
OWDA Loan Payable-Findlay Rd		374,394		19,475	354,919	9,988
OWDA Loan Payable – Westminister		3,321,058		172,591	3,148,467	
Capital Lease Payable			57,486	19,990	37,496	18,343
Total Other Long-Term Obligations		10,043,760	1,047,822	1,119,659	9,971,923	1,850,663
Total Governmental Activities		22,210,862	5,032,822	6,219,575	21,024,109	4,086,205
Business-Type Activities:						
Revenue Bonds:						
2002 Sewer System	1.5-5.25					
(Original Amount $7,171,583)		3,170,000		475,000	2,695,000	490,000
Bond Premium		8,093		1,349	6,744	1,349
Total Revenue Bonds		3,178,093		476,349	2,701,744	491,349
Other Long-Term Obligations:						
Compensated Absences Payable		172,985	12,946	2,534	183,397	112,458
OWDA Loan Payable-American II	1.00	7,594,378		439,969	7,154,409	221,636
OWDA Loan Payable-Bath SSO	1.00	548,941		29,779	519,162	15,001
OWDA Loan Payable – Woodbriar	1.00	120,123		16,651	103,472	8,388
Issue II Loan-Shaw WWTP/Sewer	0.00	76,777	580,956	20,551	637,182	10,275
Capital Lease Payable		267,914	273,367	121,242	420,039	117,536
Total Other Long-Term Obligations		8,781,118	867,269	630,726	9,017,661	485,294
Total Business-Type Activities		$11,959,211	$867,269	$1,107,075	$11,719,405	$976,643

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, obtained in 2013 in the amount of $566,146 plus capitalized interest of $14,810, 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.

During 2013 the County issued $2,820,000 various purpose refunding bonds with an interest rate of 1.93 percent. Also, the County issued $1,165,000 in special assessment bonds with an interest rate at 2.23%.

18. LONG-TERM OBLIGATIONS (Continued)

On November 1, 2012 the County issued $3,583,000 various purpose refunding bonds. The bonds have an interest rate of 2.34 percent and were issued with an issuance cost of $8,049.

On January 12, 2011 the County issued $2,320,000 energy efficiency bonds. The bonds have and 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) the 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. This loan was refinanced in 2013 at a rate of 2.29% over 8 years.

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, 2013:

Restricted assets held by the trustee for debt service	$624,737
Restricted assets held by the County for operations	1,038,674
Restricted assets held by the County for replacement and improvement	58,696

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.

18. LONG-TERM OBLIGATIONS (Continued)

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 unvoted 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.

The effects of the debt limitations described above at December 31, 2013 are an overall debt margin of $38,591,817 and an un-voted debt margin of $12,435,190.

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

	Issue II Loans	OWDA Loans		General Obligation Bonds		Special Assessment Bonds	
Year	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2014	$62,426	$49,012	$15,242	$1,710,000	$172,394	$516,458	$86,864
2015	124,850	99,344	29,164	1,715,000	151,420	296,458	67,224
2016	124,850	101,146	27,363	2,056,000	110,815	301,458	58,585
2017	124,850	103,003	25,505	1,203,000	70,221	301,458	49,697
2018	124,850	104,914	23,594	1,285,000	37,202	306,460	40,808
2019-2023	598,468	555,301	87,238	290,000	5,075	876,875	91,927
2024-2028	415,094	459,314	31,343			85,000	3,613
2029-2030	85,732						
	$1,661,120	$1,472,034	$239,449	$8,259,000	$547,127	$2,684,167	$398,718

	Airport Improvement Note	
Year	Principal	Interest
2014	$48,583	$8,010
2015	48,583	7,896
2016	48,583	6,768
2017	48,583	5,640
2018	48,583	4,512
2019-2021	145,753	6,768
	$388,668	$39,594

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

	Issue II Loans	OWDA Loan		Revenue Bonds	
Year	Principal	Principal	Interest	Principal	Interest
2014	$10,275	$245,025	$38,885	$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		508,730	59,091	595,000	26,031
2019-2023		2,557,898	218,866		
2024-2028		2,951,790	90,859		
2029-2030		17,508	88		
	$56,226	$7,777,043	$615,157	$2,695,000	$387,445

18. LONG-TERM OBLIGATIONS (Continued)

The 2013 OWDA Loan, Westminster in the Governmental type activities and the 2013 addition to the OWDA loan for WWTP – Sewer in the Business type activities, has not been fully drawn as of December 31, 2013. As such, final amortization schedules are not available for these loans.

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.

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, 2013 the aggregate principal amount payable on these bonds is $402,906,265.

19. 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 2013 were $19,990 for governmental funds and $121,242 for the enterprise fund.

In governmental type activities the County has capitalized machinery and equipment in the amount of $57,486 with accumulated depreciation of $4,791 for a carrying value at December 31, 2013 of $52,695.

In business type activities the County has capitalized machinery and equipment in the amount of $614,221 with accumulated depreciation of $79,591 for a carrying value at December 31, 2013 of $534,630.

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.

	Governmental Activities		Business Type Activities	
Year	Principal	Interest	Principal	Interest
2014	$19,850	$1,380	$117,536	$13,083
2015	17,646	1,104	121,261	9,358
2016			125,107	5,513
2017			56,135	1,544
	$37,496	$2,484	$420,039	$29,498

20. INTERFUND TRANSFERS

During 2013 the following transfers were made:

	Transfers Out			
	General	Other Governmental	Business-Type Activities	Total
Governmental Activities				
Other Governmental	$48,086	$842	$209,797	$258,725
Total Governmental Activities	$48,086	$842	$209,797	$258,725

Transfers are used to move revenues from the fund that statue 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.

21. 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 (JPC), in accordance with the rules and regulations established for the JPC (see Note 23D). As of December 31, 2013 this lease has not been entered into.

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

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 Rhonda Eddy, Allen County Auditor, 301 North Main Street, Lima, Ohio 45801.

22. 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.

In 2013, 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, Madison, 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, Shelby, 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.

22. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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.

23. INSURANCE POOL

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 anticipate 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.

24. RELATED ORGANIZATIONS

Port Authority of Allen County

The Port Authority of Allen County was created pursuant to Sections 4582.21 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 member 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.

25. MARIMOR INDUSTRIES – COMPONENT UNIT

A. Summary of Significant Accounting Policies

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.

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.

B. Deposits and Investments

At year end, the carrying amount of deposits was $228,369. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" as of December 31, 2013, $0 of the organization's bank balance of $217,691 was exposed to custodial risk as discussed above, as $217,691 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 $397,952, and certificates of deposit in the amount of $125,000 for total investments in the amount of $522,952.

C. Capital Assets

The Industries had capital assets equipment, in the amount of $687,276, as of December 31, 2013. Accumulated depreciation was $549,416, with a net capital asset amount of $137,860. Depreciation is computed using the straight-line method over a useful life of three to seven years.

26. LODDI – COMPONENT UNIT

A. Summary of Significant Accounting Policies

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.

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 $176,480. These amounts are classified as "Cash and Cash Equivalents in Segregated Accounts" on the Statement of Net Position. 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 $135,702 and $1,235,653, respectively, as of December 31, 2013. Accumulated depreciation was $369,176, with a net capital asset amount of $1,002,179. Depreciation is computed using the straight-line method over a useful life of forty years.

D. Long-Term Obligations

	Interest Rate	Balance 1/1/2012	Additions	Reductions	Balance 12/31/2012	Due Within One Year
Mortgage Notes Payable	3.6–8.9%	$46,860	$0	$12,696	$34,164	$12,724

27. 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 2013, the contribution to Marimor Industries for salaries, retirement, employee benefits, worker's compensation, repairs, supplies, equipment, medicare, and other expenses was $3,685,728.

28. 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.

29. SUBSEQUENT EVENTS

On May 1, 2013 the County authorized the issuance of $706,316 of various purpose bond anticipation notes.

30. 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 n the government funds. The constraints placed on the fund balance for the fund types are presented below for December 31, 2013:

Fund balances:	General Fund	Job and Family Services	Developmental Disabilities	Children Services	Motor Vehicle and Gasoline Tax	Other Governmental Funds	Total
Non-spendable	$574,361	$141,609	$93,631	$47,966	$284,198	$2,527,718	$3,669,483
Restricted for:							
Human Services		1,222,992		2,717,560			3,940,552
Health			10,652,028				10,652,028
Public Safety						741,116	727,691
Public Works					1,347,308	725,050	2,072,358
Conservation & Recreation						444,789	444,789
Capital Outlay						3,732,941	3,732,941
Other Purposes						6,498,882	6,512,317
Total Restricted		1,222,992	10,652,028	2,717,560	1,631,506	12,142,788	28,082,676
Assigned	1,275,556					2,196,201	3,471,757
Committed	1,266,980					520,407	1,787,387
Unassigned (Deficit)	4,247,698						4,247,698
Total fund balances	$7,364,595	$1,364,601	$10,745,659	$2,765,526	$1,631,506	$17,387,114	$41,259,001

FINANCIAL CONDITION
ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture:				
Passed through the Ohio Department of Job and Family Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5323	10.561	$952,192	
Passed through the Ohio Department of Education:				
Nutrition Cluster:				
School Breakfast Program				
Marimor School	065821-05-PU	10.553	11,937	
National School Lunch Program				
Marimor School	065821-LL-P4	10.555	20,227	$6,906
Total Nutrition Cluster			32,164	6,906
Total U.S. Department of Agriculture			984,356	6,906
U.S. Department of Housing and Urban Development:				
Passed through the Ohio Department of Development:				
Community Development Block Grants/State's Program				
Formula Allocation Program	B-W-12-1AB-1	14.228	155,100	
Formula Allocation Program	B-F-11-1AB-1	14.228	219,611	
Formula Allocation Program	B-F-12-1AB-1	14.228	179,949	
Total Community Development Block Grants/State's Program			554,660	
Community Housing Improvement Program - CHIP	B-C-11-1AB-1	14.228	58,706	
Total Community Development Block Grants/State's Program			613,366	
Home Investment Partnership Program	B-C-11-1AB-2	14.239	209,991	
Total U.S. Department of Housing and Urban Development			823,357	
U.S. Department of Labor:				
Passsed through the Workforce Investment Act, Area 7:				
WIA National Emergency Grants	N/A	17.277	2,240	
Workforce Investment Act Cluster				
WIA Adult Program	N/A	17.258	294,102	
WIA Youth Activities	N/A	17.259	284,136	
WIA Dislocated Workers	N/A	17.278	385,395	
Total Workforce Investment Act Cluster			963,633	
Total U.S. Department of Labor			965,873	
U.S. Department of Transportation:				
Federal Highway Administration				
Passed through the Ohio Department of Transportation:				
Highway Planning and Construction	PID #83341	20.205	237,942	
Highway Planning and Construction	PID #92742	20.205	16,585	
Highway Planning and Construction	PID #93896	20.205	15,358	
Highway Planning and Construction	PID #92471	20.205	20,367	
Highway Planning and Construction	PID #77305	20.205	30,974	
Highway Planning and Construction	PID #78999	20.205	220,031	
Total Highway Planning Construction			541,257	
Highway Safety Cluster:				
State and Community Highway Safety Grant	HVEO-2012-2-00-00-00	20.600	35,501	
Alcohol Impaired Driving Countermeasurers Incentive Grant	N/A	20.601	16,635	
Total Highway Safety Cluster			52,136	
Total U.S. Department of Transportation			593,393	

(continued)

FINANCIAL CONDITION
ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Education:				
Passed through the Ohio Department of Education:				
Special Education Cluster:				
Special Education-Grants to States	065821-6B-SF-10P	84.027	83,693	
Special Education-Preschool Grants	065821-PGS1-10-P	84.173	22,039	
Total Special Education Cluster			105,732	
Passed through the Ohio Department of Health:				
Special Education-Grants for Infants and Families FY13	N/A	84.181	75,263	
Special Education - Grants for Infants and Families FY14	N/A	84.181	32,286	
Total Special Education - Grants for Infants and Families			107,549	
Total U.S. Department of Education			213,281	
U.S. Department of Health and Human Services:				
Passed through the Ohio Department of Health:				
Affordable Care Act (ACA) Maternal, Infant and Earliy Childhood Home Visiting Program - FY13	N/A	93.505	41,786	
Passed through the Secretary of State:				
Voting Access for Individuals with Disabilities Grants to States	N/A	93.617	1,650	
Passed through the Ohio Department of Developmental Disabilities:				
Social Services Block Grant	N/A	93.667	81,830	
Passed through the Ohio Department of Job and Family Services:				
Social Services Block Grant	G-1213-11-0003	93.667	428,521	
Total Social Services Block Grant			510,351	
Passed through the Ohio Department of Job and Family Services:				
Promoting Safe and Stable Families	G-1415-11-5324	93.556	121,271	
Child Support Enforcement	G-1415-11-5324	93.563	1,278,256	
Grants to States for Access and Visitation Programs	G-1415-11-5324	93.597	7,850	
Community Based Child Abuse Prevention Grants	G-1415-11-5323	93.590	4,048	
Children's Justice Grants to States	G-1415-11-5323	93.643	4,417	
Child Welfare Services State Grants	G-1415-11-5323	93.645	92,017	
Foster Care Title IV-E	N/A	93.658	1,039,582	
Adoption Assistance	N/A	93.659	1,140,746	
Chafee Foster Care Independence Program	G-1415-11-5323	93.674	153,387	
State Children's Insurance Program	N/A	93.767	90,640	
Child Care and Development Block Grant	G-1415-11-5323	93.575	175,149	
Temporary Assistance for Needy Families (TANF) State Programs	G-1415-11-5323	93.558	2,653,209	
Passed through the Ohio Department of Developmental Disabilities:				
Medical Assistance Program	N/A	93.778	459,341	
Passed through the Ohio Department of Job and Family Services:				
Medical Assistance Program	G-1415-11-5323	93.778	437,183	
Total Medical Assistance Program			896,524	
Total U.S. Department of Health and Human Services			8,210,883	
U.S. Department of Criminal Justice:				
Passed through the Ohio Office of Criminal Justice Services:				
JAG Program Cluster:				
Edward Byrne Memorial Justice Assistance Grant - West Central Ohio Crime Task Force	2012-JG-A01-6409	16.738	66,400	
Edward Byrne Memorial Justice Assistance Grant (JAG) Program - ARRA	2012-JG-LLE-5361	16.803	6,732	
Total JAG Program Cluster			73,132	
Total U.S. Department of Criminal Justice			73,132	

FINANCIAL CONDITION
ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Homeland Security:				
Passed through the Ohio Emergency Management Agency:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	N/A	97.036	4,247	
State Homeland Security Program	EMW-2012-SS-00000	97.067	72,449	
State Homeland Security Program	EMW-2011-SS-00070	97.067	9,700	
State Homeland Security Program	2010-SS-T0-0012	97.067	8,402	
Total State Homeland Security Program			90,551	
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	59,051	
Emergency Management Performance Grants	EMW-2013-EP-00060-S01	97.042	19,918	
Total Emergency Management Performance Grants			78,969	
Total U.S. Department of Homeland Security			173,767	
Total Federal Expenditures			$12,038,042	$6,906

See accompanying notes to the schedule of federal awards expenditures.

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NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2013

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). 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 (the Schedule) has been prepared on a basis of cash disbursements; consequently, expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 3 – 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. 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 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	$2,035,587
Loans made	
Defaulted Loan – Write Off	(107,651)
Loan principal repaid on loans issued	(214,196)
Ending loans receivable balance as of December 31, 2013	1,713,740
Cash balance on hand in the revolving loan fund as of December 31, 2013	796,485
Administrative costs expenditures during 2013	20,361
Total value of RLF portion of the CDBG 14.228 program	2,530,586
Other grants administered through the 14.228 program	613,366
Total CDBG CFDA #14.228 program	$3,143,952
Delinquent amounts due as of December 31, 2013	$800,592

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2013 (Continued)

NOTE 3 – COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS FUNDS (CDBG AND HOME) (CONTINUED)

Activity in the HOME housing revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	$6,457
Loans made	
Loan principal repaid on loans issued	
Ending loans receivable balance as of December 31, 2013	6,457
Cash balance on hand in the revolving loan fund as of December 31, 2013	53,729
Administrative costs expenditures during 2013	
Total value of RLF portion of the CDBG 14.239 program	60,186
Other grants administered through the 14.239 program	209,991
Total CDBG CFDA #14.239 program	$270,177
Delinquent amounts due as of December 31, 2013	$0

NOTE 4 – FOOD SERVICES PROGRAMS – MARIMOR SCHOOL

The Department of 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 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 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 $13,556. 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 the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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 County 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, (the County) as of and for the year ended December 31, 2013, 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 12, 2014, wherein, we noted that the Port Authority was reorganized during the year and has been reported as a related organization and not as a discretely presented component unit. Our report refers to the other auditor who audited the financial statements of the component unit Marimor Industries, as described in our report on the County's 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 County's 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 opinions 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.

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.

Dave Yost
Auditor of State

Columbus, Ohio

September 12, 2014

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 County 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 the County's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's 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, 2013.

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 12, 2014

FINANCIAL CONDITION
ALLEN COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grants/State's Program CFDA #14.228 Child Support Enforcement Grant CFDA #93.563; Foster Care Grant (Title IV-E) CFDA #93.658; Temporary Assistance for Needy Families CFDA# 93.558; Medical Assistance Program CFDA# 93.778; JAG Program Cluster - Edward Byrne Memorial Justice Assistance Grant CFDA# 16.738 and Edward Byrne Memorial Justice Assistance Grant (JAG) Program – ARRA CFDA #16.803
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Dave Yost • Auditor of State

ALLEN FINANCIAL CONDITION

ALLEN COUNTY

CLERK'S CERTIFICATION
This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 2, 2014

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