



OHIO AUDITOR OF STATE
KEITH FABER



**ALLEN COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	20
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund.....	28
Motor Vehicle and Gasoline Tax Fund	29
Job and Family Services Fund	30
Developmental Disabilities Fund	31
Children Services Fund	32
Statement of Fund Net Position	
Enterprise Fund	33
Statement of Revenues, Expenses and Change in Fund Net Position Enterprise Fund	35
Statement of Cash Flows	
Enterprise Fund	36
Statement of Fiduciary Net Position	
Fiduciary Funds	38
Statement of Changes in Fiduciary Net Position Fiduciary Funds	39
Notes to the Basic Financial Statements	41

ALLEN COUNTY
DECEMBER 31, 2019

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Required Supplementary Information:	
Schedule of the County's Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System - Traditional Plan.....	109
Schedule of the County's Proportionate Share of the Net Pension Asset – Ohio Public Employees Retirement System - Combined Plan	112
Schedule of the County's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	113
Schedule of the County's Proportionate Share of the Net OPEB Liability – Ohio Public Employees Retirement System	115
Schedule of the County's Proportionate Share of the Net OPEB Liability (Asset) – State Teachers Retirement System of Ohio	116
Schedule of the County's Contributions Ohio Public Employees Retirement System	117
Schedule of the County's Contributions State Teachers Retirement System of Ohio	119
Notes to the Required Supplementary Information	121
Schedule of Expenditures of Federal Awards	125
Notes to the Schedule of Expenditures of Federal Awards.....	127
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	129
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	131
Schedule of Findings.....	133

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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 aggregate 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component unit, LODDI, Inc., which represents 31 percent, 29 percent, and 28 percent, respectively, of the assets, net position, and revenues of the aggregate 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, Inc., 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 us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the component unit, LODDI, Inc., 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 audit opinions.

Efficient • Effective • Transparent

Opinions

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio, as of December 31, 2019, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2019, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 29 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2020

This page intentionally left blank.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The discussion and analysis of Allen County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position decreased 3 percent; 6 percent decrease for governmental activities and 1 percent increase for the business-type activity.

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 Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services special revenue funds, the Juvenile Detention Center and Ditch Construction capital projects funds, and the Sewer enterprise fund.

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2019. 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 net position. This 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 property 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 property taxes, sales taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Business-Type Activity - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The County's sewer operations are reported here.

Component Units - The County's financial statements include financial information for LODDI (Living Options for Developmentally Disabled Individuals) and the Allen County Land Reutilization Corporation (Land Bank). 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 Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services special revenue funds, the Juvenile Detention Center and Ditch Construction capital projects fund, and the Sewer enterprise fund. While the County uses many funds to account for its 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 balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Fund - The County's proprietary fund consists of one enterprise fund. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as the business-type activity on 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 on the government-wide financial statements because the resources from these funds are not available to support the County's programs. These funds also use the accrual basis of accounting.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2019 and 2018.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2019	2018	2019	2018	2019	2018
<u>Assets</u>						
Current and Other Assets	\$73,302,056	\$69,157,423	\$7,979,142	\$7,462,745	\$81,281,198	\$76,620,168
Net Pension Asset	223,729	273,344	11,049	13,499	234,778	286,843
Net OPEB Asset	47,408	52,977	0	0	47,408	52,977
Capital Assets, Net	79,784,665	70,699,669	45,564,021	46,399,229	125,348,686	117,098,898
Total Assets	153,357,858	140,183,413	53,554,212	53,875,473	206,912,070	194,058,886
<u>Deferred Outflows of Resources</u>						
Pension	18,779,200	9,117,098	921,090	438,865	19,700,290	9,555,963
OPEB	2,332,423	1,849,776	114,920	91,194	2,447,343	1,940,970
Total Deferred Outflow of Resources	21,111,623	10,966,874	1,036,010	530,059	22,147,633	11,496,933
<u>Liabilities</u>						
Current and Other Liabilities	3,255,800	3,449,581	173,598	296,334	3,429,398	3,745,915
Long-Term Liabilities						
Pension	63,567,732	37,191,114	3,107,891	1,800,803	66,675,623	38,991,917
OPEB	29,312,958	24,698,299	1,447,553	1,219,669	30,760,511	25,917,968
Other Amounts	16,670,656	10,111,549	18,383,279	19,496,951	35,053,935	29,608,500
Total Liabilities	112,807,146	75,450,543	23,112,321	22,813,757	135,919,467	98,264,300
<u>Deferred Inflows of Resources</u>						
Pension	2,448,673	11,203,992	85,237	501,229	2,533,910	11,705,221
OPEB	770,775	2,753,357	29,222	121,361	799,997	2,874,718
Other Amounts	11,684,253	11,759,287	0	0	11,684,253	11,759,287
Total Deferred Inflows of Resources	14,903,701	25,716,636	114,459	622,590	15,018,160	26,339,226
<u>Net Position</u>						
Net Investment in Capital Assets	66,331,569	63,126,759	27,466,921	27,147,708	93,798,490	90,274,467
Restricted	41,619,013	38,115,106	0	0	41,619,013	38,115,106
Unrestricted (Deficit)	(61,191,948)	(51,258,757)	3,896,521	3,821,477	(57,295,427)	(47,437,280)
Total Net Position	\$46,758,634	\$49,983,108	\$31,363,442	\$30,969,185	\$78,122,076	\$80,952,293

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The net pension liability (asset) reported by the County at December 31, 2019, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the County's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the County. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability (asset) and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Pension/OPEB changes noted in the above table reflect an overall increase in deferred outflows and overall decrease in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The increase in the net pension liability and the net OPEB liability represents the County's proportionate share of the unfunded benefits.

Aside from the changes related to pension/OPEB, there were several other changes of significance for governmental activities. The increase in current and other assets (approximately 6 percent) was primarily due to an increase cash and cash equivalents from a variety of sources. There was an increase in sales tax revenue (based on improving economic conditions) and an increase in interest revenue based on the performance of the County's investments. In addition, the State increased the rate for gas tax during 2019 for which a portion is distributed to local governments, including the County. The County also increased the local motor vehicle license tax and saw an increase in Medicaid reimbursements and grant subsidies. The increase in net capital assets resulted from acquisitions that were not financed by new debt. The increase in other long-term liabilities is related to a building the County is acquiring for the Job and Family Services department.

For the business-type activity, the increase in current and other assets was primarily due to an increase in cash and cash equivalents. The decrease in net capital assets was due to annual depreciation. The decrease in other long-term liabilities represents scheduled debt retirement.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Table 2 reflects the change in net position for 2019 and 2018.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2019	2018	2019	2018	2019	2018
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$13,968,041	\$13,507,285	\$8,044,333	\$8,035,959	\$22,012,374	\$21,543,244
Operating Grants, Contributions, and Interest	29,523,008	25,762,263	0	0	29,523,008	25,762,263
Capital Grants and Contributions	1,882,811	5,264,701	26,574	0	1,909,385	5,264,701
Total Program Revenues	<u>45,373,860</u>	<u>44,534,249</u>	<u>8,070,907</u>	<u>8,035,959</u>	<u>53,444,767</u>	<u>52,570,208</u>
General Revenues						
Property Taxes Levied for						
General Operations	3,034,708	2,900,538	0	0	3,034,708	2,900,538
Health-Developmental Disabilities	5,050,389	4,976,799	0	0	5,050,389	4,976,799
Human Services-Children Services	2,075,240	2,047,246	0	0	2,075,240	2,047,246
Debt Service	1,379,109	1,318,427	0	0	1,379,109	1,318,427
Marimor Permanent Improvement	439,164	495,946	0	0	439,164	495,946
Permissive Sales Taxes	18,061,974	16,999,446	0	0	18,061,974	16,999,446
Grants and Entitlements	2,896,110	3,100,937	0	0	2,896,110	3,100,937
Interest	1,708,985	808,135	150	95	1,709,135	808,230
Other	6,482,077	5,597,629	196,117	8,724	6,678,194	5,605,353
Total General Revenues	<u>41,127,756</u>	<u>38,245,103</u>	<u>196,267</u>	<u>8,819</u>	<u>41,324,023</u>	<u>38,253,922</u>
Total Revenues	<u>86,501,616</u>	<u>82,779,352</u>	<u>8,267,174</u>	<u>8,044,778</u>	<u>94,768,790</u>	<u>90,824,130</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	13,643,250	12,350,679	0	0	13,643,250	12,350,679
Judicial	11,226,916	9,691,471	0	0	11,226,916	9,691,471
Public Safety	14,731,037	11,914,768	0	0	14,731,037	11,914,768
Public Works	12,908,360	10,701,793	0	0	12,908,360	10,701,793
Health						
Developmental Disabilities	10,498,953	10,475,564	0	0	10,498,953	10,475,564
Other Health	677,625	531,459	0	0	677,625	531,459
Human Services						
Job and Family Services	11,209,473	9,699,171	0	0	11,209,473	9,699,171
Children Services	7,176,067	6,232,193	0	0	7,176,067	6,232,193
Other Human Services	3,119,009	2,793,578	0	0	3,119,009	2,793,578
Conservation and Recreation	3,498,670	2,675,248	0	0	3,498,670	2,675,248
Interest and Fiscal Charges	232,425	190,684	0	0	232,425	190,684
Sewer	0	0	8,677,222	7,788,012	8,677,222	7,788,012
Total Expenses	<u>88,921,785</u>	<u>77,256,608</u>	<u>8,677,222</u>	<u>7,788,012</u>	<u>97,599,007</u>	<u>85,044,620</u>
Increase (Decrease) in Net Position Before Transfers	(2,420,169)	5,522,744	(410,048)	256,766	(2,830,217)	5,779,510
Transfers	(804,305)	407,088	804,305	(407,088)	0	0
Increase (Decrease) in Net Position	(3,224,474)	5,929,832	394,257	(150,322)	(2,830,217)	5,779,510
Net Position Beginning of Year, Restated	49,983,108	44,053,276	30,969,185	31,119,507	80,952,293	75,172,783
Net Position End of Year	<u>\$46,758,634</u>	<u>\$49,983,108</u>	<u>\$31,363,442</u>	<u>\$30,969,185</u>	<u>\$78,122,076</u>	<u>\$80,952,293</u>

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

For governmental activities, the total change in program revenues was not significant; however, the increase in operating grants and contributions was largely related to Medicaid reimbursements and additional grant funding (PASSS subsidy for children services). The decrease in capital grants and contributions is due to grants received in the prior year from the Ohio Department of Youth Services for detention center improvements as well as resources from the Ohio Public Works Commission and the Department of Agriculture for street and infrastructure improvements. The increase in general revenues was primarily due to an increase in sales tax revenue based on improving economic conditions and an increase in interest revenue based on the performance of the County's investments. The increase in expenses is primarily due to salary and benefit increases and the increase in pension expense from the prior year (over \$7 million increase).

For the business-type activity, there was little change in revenues. The increase in expenses was largely salary and benefit costs.

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	
	2019	2018	2019	2018
General Government:				
Legislative and Executive	\$13,643,250	\$12,350,679	\$9,271,461	\$8,055,924
Judicial	11,226,916	9,691,471	5,880,806	2,145,545
Public Safety	14,731,037	11,914,768	12,601,588	10,379,306
Public Works	12,908,360	10,701,793	2,100,603	(867,801)
Health				
Developmental Disabilities	10,498,953	10,475,564	4,756,055	6,498,895
Other Health	677,625	531,459	260,007	123,590
Human Services				
Job and Family Services	11,209,473	9,699,171	3,082,679	1,329,389
Children Services	7,176,067	6,232,193	2,511,471	2,444,517
Other Human Services	3,119,009	2,793,578	1,509,999	930,772
Conservation and Recreation	3,498,670	2,675,248	1,340,831	1,491,538
Interest and Fiscal Charges	232,425	190,684	232,425	190,684
Total Expenses	<u>\$88,921,785</u>	<u>\$77,256,608</u>	<u>\$43,547,925</u>	<u>\$32,722,359</u>

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) supported 49 percent of the services provided by the County (42 percent in 2018). A review of the above table reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 31 percent of the legislative and executive program costs were provided for through various charges for services. The judicial program provides for 48 percent of its costs through various fines, court costs, and grants. The public works program receives program revenues from motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Grants provide for a significant portion of the costs of the health and human services programs (Developmental Disabilities, Job and Family Services, and Children Services programs).

Governmental Funds Financial Analysis

The County's major governmental funds are the General Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and the Children Services special revenue funds, and the Juvenile Detention Center and Ditch Construction capital projects funds.

Fund balance increased 17 percent in the General Fund. Revenues increased 9 percent primarily from the increase in sales tax revenue and interest revenue as discussed previously. The 3 percent increase in expenditures was primarily salaries and benefit costs.

There was a substantial increase in fund balance in the Motor Vehicle and Gasoline Tax Fund. Permissive license tax revenue increased due to the County increasing the tax on license renewal and gas tax revenue from the State increased as the State increased the tax rate paid at the pump in 2019. There was also an increase in expenditures based on projects during the year.

Revenues in the Job and Family Services Fund did not change significantly from the prior year. Expenses increased somewhat due to the demand for services. Also, during 2019 the County entered into a lease agreement to acquire a new building for the Job and Family Services department. There was a decrease in fund balance of approximately \$753,000.

The increase in fund balance in the Developmental Disabilities Fund is due to an increase in revenues (largely Medicaid reimbursement as mentioned previously). There was also a decrease in expenditures which are based on client demand.

There was a 19 percent increase in fund balance in the Children Services Fund. Revenues increased primarily from additional grant/entitlement funding (such as the PASSS program). The increase in expenditures is primarily due to services provided to clients.

Fund balance increased in the Juvenile Detention Center Fund; however, the fund continues to have a deficit fund balance. The increase in revenues represents grant resources received for detention center improvements. Expenditures decreased as there was more spent for construction in the prior year. Also note, the fund received transfers from other funds of over \$1 million towards construction costs.

There was not a significant change in fund balance in the Ditch Construction Fund.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Business-Type Activities Financial Analysis

As can be seen on the statement of revenues, expenses, and change in fund net position, the Sewer Fund had an operating income for 2019 and a modest increase in net position (1 percent).

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 as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were primarily found in other revenue and due to the return of monies that had been advanced to other funds in prior years. Changes from the final budget to actual revenues was generally due to a conservative estimate for sales tax revenue. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were less than the final budget primarily due to budgeting conservatively for general government activities.

Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2019, was \$66,331,569 and \$27,466,921, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included an HVAC upgrade for the Civic Center, the new Job and Family Services building, a bobcat, track loader, several new dump trucks and snow plows, and a number of vehicles. In addition, there were road improvements and bridge replacements. Disposals included a tractor, mower, wheel loader, miscellaneous equipment, and a number of vehicles.

For the business-type activity, additions were primarily infrastructure improvements (Springbrook Estates). Disposals were minimal.

For further information regarding the County's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2019, the County had \$36,595 in special assessment notes, \$97,170 in general obligation bonds, \$499,515 in special assessment bonds, \$1,600,427 in OPWC loans, and \$3,098,514 in OWDA loans payable from governmental activities. The business-type activity had \$18,039,436 in OWDA loans outstanding at year end.

In addition to the debt outlined above, the County's long-term obligations also include the net pension/OPEB liability, capital loans, capital leases, and compensated absences. For additional information on the County's debt, refer to Notes 18 and 19 to the basic financial statements.

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
Unaudited

Current Issues

The unemployment rate fell to 3.8 percent as of December 2019. The rate was 4.7 percent in December 2018, 4.4 percent in December 2017, and 5 percent in December 2016. However, as a direct result of the Covid-19 Pandemic, the unemployment rate in Allen County was 5.4 percent as of March 31, 2020. Although some businesses are beginning to reopen in the second quarter of 2020, it is unknown at this time the long-term impact on the unemployment rate.

The Allen County Commissioners and elected officials have continued monitoring the budget closely and have been diligent in keeping expenditures in line with revenues. There was a welcome increase in sales tax revenue in 2019. In 2018, there was a slight decrease in sales tax revenue from 2017 likely due to the loss of the Medicaid Managed Care Organization sales tax. Sales tax revenue supports our General Fund significantly. However, projects for 2020 have been reduced significantly until we can project the impact the pandemic has on Allen County's revenues. As of the March 2020 sales tax receipts, Allen County has fared better than many other counties in Ohio.

The County Commissioners, in 2019, began to plan capital projects aimed at courthouse renovations. However, due to the pandemic and the resulting loss of casino dollars that help fund our available capital dollars, the projects have been placed on hold. A .2 percent sales tax levy on the May 2018 ballot aimed at funding capital projects did not pass. The County Commissioners will likely have to borrow money to make necessary repairs. Construction was completed in 2019 on the new Juvenile Court facility.

It is anticipated that significant General Fund monies will need to be trimmed from departmental budgets to weather thru the pandemic and to counter the anticipated significant loss of sales tax, casino revenue, local government funds, and other related revenue streams, in addition to the use of any reserve funds.

Request for Information

This financial report is designed to provide a general overview of the County's finances 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 Rachael Gilroy, Allen County Auditor, 301 North Main Street, Lima, Ohio 45801 or by visiting the County's website at www.allencountyohio.com.

This page intentionally left blank.

Allen County, Ohio
Statement of Net Position
Primary Government and Discretely Presented Component Units
December 31, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$42,873,982	\$4,621,580	\$47,495,562	\$0	\$0
Cash and Cash Equivalents in Segregated Accounts	712,942	0	712,942	89,744	405,969
Investments in Segregated Accounts	0	0	0	60,592	0
Accounts Receivable	47,707	3,026,982	3,074,689	0	0
Accrued Interest Receivable	30,196	0	30,196	0	0
Permissive Sales Taxes Receivable	4,904,439	0	4,904,439	0	0
Permissive Motor Vehicle License Taxes Receivable	94,074	0	94,074	0	0
Other Local Taxes Receivable	106,980	0	106,980	0	0
Due from Other Governments	8,160,786	0	8,160,786	0	0
Due from Component Unit	54,689	0	54,689	0	0
Prepaid Items	468,029	17,615	485,644	14,185	0
Materials and Supplies Inventory	587,744	66,436	654,180	0	0
Property Held for Resale	0	0	0	0	3,019,531
Internal Balances	(246,529)	246,529	0	0	0
Property Taxes Receivable	12,412,645	0	12,412,645	0	0
Notes Receivable	573,467	0	573,467	0	0
Special Assessments Receivable	2,520,905	0	2,520,905	0	0
Other Assets	0	0	0	0	784
Net Pension Asset	223,729	11,049	234,778	0	0
Net OPEB Asset	47,408	0	47,408	0	0
Nondepreciable Capital Assets	4,694,654	51,219	4,745,873	136,548	0
Depreciable Capital Assets, Net	75,090,011	45,512,802	120,602,813	1,217,346	0
Total Assets	153,357,858	53,554,212	206,912,070	1,518,415	3,426,284
<u>Deferred Outflows of Resources</u>					
Pension	18,779,200	921,090	19,700,290	0	0
OPEB	2,332,423	114,920	2,447,343	0	0
Total Deferred Outflows of Resources	21,111,623	1,036,010	22,147,633	0	0
<u>Liabilities</u>					
Accrued Wages Payable	1,095,401	65,464	1,160,865	0	0
Employee Withholdings Payable	569,973	0	569,973	0	0
Accounts Payable	834,637	78,800	913,437	11,559	0
Contracts Payable	26,958	0	26,958	0	0
Due to Other Governments	654,605	29,334	683,939	0	0
Due to Primary Government	0	0	0	54,689	0
Retainage Payable	71,262	0	71,262	0	0
Accrued Interest Payable	2,964	0	2,964	0	0
Loan Payable	0	0	0	0	0
Notes Payable	0	0	0	3,414	0
Long-Term Liabilities:					
Due Within One Year	2,318,274	1,332,773	3,651,047	0	0
Due in More Than One Year	14,352,382	17,050,506	31,402,888	69,902	0
Net Pension Liability	63,567,732	3,107,891	66,675,623	0	0
Net OPEB Liability	29,312,958	1,447,553	30,760,511	0	0
Total Liabilities	112,807,146	23,112,321	135,919,467	139,564	0
<u>Deferred Inflows of Resources</u>					
Property Taxes	11,684,253	0	11,684,253	0	0
Pension	2,448,673	85,237	2,533,910	0	0
OPEB	770,775	29,222	799,997	0	0
Other	0	0	0	0	400
Total Deferred Inflows of Resources	14,903,701	114,459	15,018,160	0	400

(continued)

Allen County, Ohio
Statement of Net Position
Primary Government and Discretely Presented Component Units
December 31, 2019
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
<u>Net Position</u>					
Net Investment in Capital Assets	\$66,331,569	\$27,466,921	\$93,798,490	\$1,353,894	\$0
Restricted for:					
Debt Service	2,978,344	0	2,978,344	0	0
Capital Projects	3,976,137	0	3,976,137	0	0
Public Works	4,599,837	0	4,599,837	0	0
Developmental Disabilities	12,320,390	0	12,320,390	0	0
Job and Family Services	964,780	0	964,780	0	0
Children Services	3,808,158	0	3,808,158	0	0
Real Estate Assessment	2,720,692	0	2,720,692	0	0
Revolving Loan	1,938,311	0	1,938,311	0	0
Ditch Maintenance	2,307,146	0	2,307,146	0	0
Other Purposes	6,005,218	0	6,005,218	0	0
Unrestricted (Deficit)	(61,191,948)	3,896,521	(57,295,427)	24,957	3,425,884
Total Net Position	\$46,758,634	\$31,363,442	\$78,122,076	\$1,378,851	\$3,425,884

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Activities
Primary Government and Discretely Presented Component Units
For the Year Ended December 31, 2019

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
General Government:				
Legislative and Executive	\$13,643,250	\$4,177,301	\$86,218	\$108,270
Judicial	11,226,916	1,769,204	2,960,359	616,547
Public Safety	14,731,037	846,998	1,240,248	42,203
Public Works	12,908,360	3,922,841	5,769,125	1,115,791
Health				
Developmental Disabilities	10,498,953	199,360	5,543,538	0
Other Health	677,625	417,618	0	0
Human Services				
Job and Family Services	11,209,473	449,520	7,677,274	0
Children Services	7,176,067	127,360	4,537,236	0
Other Human Services	3,119,009	0	1,609,010	0
Conservation and Recreation	3,498,670	2,057,839	100,000	0
Interest and Fiscal Charges	232,425	0	0	0
Total Governmental Activities	88,921,785	13,968,041	29,523,008	1,882,811
<u>Business-Type Activity</u>				
Sewer	8,677,222	8,044,333	0	26,574
Total Primary Government	\$97,599,007	\$22,012,374	\$29,523,008	\$1,909,385
<u>Component Unit</u>				
LODDI	207,964	129,985	0	325,000
Land Bank	420,930	0	1,128,890	0
	\$628,894	\$129,985	\$1,128,890	\$325,000

General Revenues:
Property Taxes Levied for:
General Operating
Health-Developmental Disabilities
Human Services-Children Services
Debt Service
Marimor Permanent Improvement
Permissive Sales Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Change in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
(\$9,271,461)	\$0	(\$9,271,461)	\$0	\$0
(5,880,806)	0	(5,880,806)	0	0
(12,601,588)	0	(12,601,588)	0	0
(2,100,603)	0	(2,100,603)	0	0
(4,756,055)	0	(4,756,055)	0	0
(260,007)	0	(260,007)	0	0
(3,082,679)	0	(3,082,679)	0	0
(2,511,471)	0	(2,511,471)	0	0
(1,509,999)	0	(1,509,999)	0	0
(1,340,831)	0	(1,340,831)	0	0
(232,425)	0	(232,425)	0	0
(43,547,925)	0	(43,547,925)	0	0
0	(606,315)	(606,315)	0	0
(43,547,925)	(606,315)	(44,154,240)	0	0
0	0	0	247,021	0
0	0	0	0	707,960
0	0	0	247,021	707,960
3,034,708	0	3,034,708	0	0
5,050,389	0	5,050,389	0	0
2,075,240	0	2,075,240	0	0
1,379,109	0	1,379,109	0	0
439,164	0	439,164	0	0
18,061,974	0	18,061,974	0	0
2,896,110	0	2,896,110	0	149,484
1,708,985	150	1,709,135	10,653	0
6,482,077	196,117	6,678,194	25,032	8,307
41,127,756	196,267	41,324,023	35,685	157,791
(804,305)	804,305	0	0	0
40,323,451	1,000,572	41,324,023	35,685	157,791
(3,224,474)	394,257	(2,830,217)	282,706	865,751
49,983,108	30,969,185	80,952,293	1,096,145	2,560,133
<u>\$46,758,634</u>	<u>\$31,363,442</u>	<u>\$78,122,076</u>	<u>\$1,378,851</u>	<u>\$3,425,884</u>

Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,032,104	\$1,841,965	\$1,344,871	\$11,709,017
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	25,129	5,346	0	11,724
Accrued Interest Receivable	30,196	0	0	0
Permissive Sales Taxes Receivable	4,731,132	0	0	0
Permissive Motor Vehicle License Taxes Receivable	0	94,074	0	0
Other Local Taxes Receivable	0	0	0	0
Due from Other Governments	1,070,150	2,695,149	441,884	949,695
Due from Component Unit	0	0	0	54,689
Prepaid Items	277,425	24,390	44,608	49,403
Materials and Supplies Inventory	45,854	453,573	14,695	69,009
Interfund Receivable	6,465,046	2,070	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	206,980	0	0	0
Property Taxes Receivable	3,113,018	0	0	5,368,785
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	\$23,997,034	\$5,116,567	\$1,846,058	\$18,212,322
<u>Liabilities</u>				
Accrued Wages Payable	\$477,935	\$84,496	\$132,810	\$167,313
Employee Withholdings Payable	569,973	0	0	0
Accounts Payable	296,162	58,176	99,280	56,729
Contracts Payable	0	0	0	0
Due to Other Governments	281,316	110,204	65,296	83,914
Interfund Payable	844	24,390	334,263	49,403
Retainage Payable	0	60,770	0	0
Total Liabilities	1,626,230	338,036	631,649	357,359
<u>Deferred Inflows of Resources</u>				
Property Taxes Receivable	2,950,606	0	0	5,029,197
Unavailable Revenue	4,435,278	2,156,073	285,216	903,863
Total Deferred Inflows of Resources	7,385,884	2,156,073	285,216	5,933,060
<u>Fund Balance</u>				
Nonspendable	5,439,458	477,963	59,303	118,412
Restricted	0	2,144,495	869,890	11,803,491
Assigned	5,621,787	0	0	0
Unassigned (Deficit)	3,923,675	0	0	0
Total Fund Balance (Deficit)	14,984,920	2,622,458	929,193	11,921,903
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$23,997,034	\$5,116,567	\$1,846,058	\$18,212,322

See accompanying notes to the basic financial statements

Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental	Total
\$3,084,401	\$642,195	\$163,235	\$15,849,214	\$42,667,002
17,727	0	0	695,215	712,942
5,508	0	0	0	47,707
0	0	0	0	30,196
0	0	0	173,307	4,904,439
0	0	0	0	94,074
0	0	0	106,980	106,980
939,806	0	0	2,064,102	8,160,786
0	0	0	0	54,689
27,481	0	0	44,722	468,029
4,613	0	0	0	587,744
287,860	0	0	224,960	6,979,936
0	0	0	0	206,980
2,193,614	0	0	1,737,228	12,412,645
0	0	0	573,467	573,467
0	0	1,172,627	1,348,278	2,520,905
<u>\$6,561,010</u>	<u>\$642,195</u>	<u>\$1,335,862</u>	<u>\$22,817,473</u>	<u>\$80,528,521</u>
\$87,478	\$0	\$0	\$145,369	\$1,095,401
0	0	0	0	569,973
182,412	0	0	141,878	834,637
0	0	0	26,958	26,958
40,043	0	0	73,832	654,605
27,481	4,053,500	1,672,198	1,064,386	7,226,465
0	0	0	10,492	71,262
<u>337,414</u>	<u>4,053,500</u>	<u>1,672,198</u>	<u>1,462,915</u>	<u>10,479,301</u>
2,070,575	0	0	1,633,875	11,684,253
1,349,881	0	1,172,627	3,131,735	13,434,673
<u>3,420,456</u>	<u>0</u>	<u>1,172,627</u>	<u>4,765,610</u>	<u>25,118,926</u>
32,094	0	0	44,722	6,171,952
2,771,046	0	0	17,035,493	34,624,415
0	0	0	4,813	5,626,600
0	(3,411,305)	(1,508,963)	(496,080)	(1,492,673)
<u>2,803,140</u>	<u>(3,411,305)</u>	<u>(1,508,963)</u>	<u>16,588,948</u>	<u>44,930,294</u>
<u>\$6,561,010</u>	<u>\$642,195</u>	<u>\$1,335,862</u>	<u>\$22,817,473</u>	<u>\$80,528,521</u>

This Page Intentionally Left Blank

Allen County, Ohio
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2019

Total Governmental Fund Balance		\$44,930,294
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		79,784,665
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.</p>		
Accounts Receivable	13,151	
Accrued Interest Receivable	19,454	
Permissive Sales Taxes Receivable	3,424,812	
Due from Other Governments	6,305,552	
Other Local Taxes Receivable	47,207	
Due from Component Unit	54,689	
Interfund Receivable	320,511	
Delinquent Property Taxes Receivable	728,392	
Special Assessments Receivable	<u>2,520,905</u>	
		13,434,673
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Special Assessment Notes Payable	(36,595)	
General Obligation Bonds Payable	(97,170)	
Special Assessment Bonds Payable	(499,515)	
OPWC Loans Payable	(1,600,427)	
OWDA Loans Payable	(3,098,514)	
Capital Loans Payable	(636,268)	
Capital Leases Payable	(7,574,667)	
Compensated Absences Payable	<u>(3,127,500)</u>	
		(16,670,656)
<p>Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.</p>		(2,964)
<p>The net pension/OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability and related deferred outflows/inflows are not reported in the governmental funds.</p>		
Net Pension Asset	223,729	
Net OPEB Asset	47,408	
Deferred Outflows - Pension	18,779,200	
Deferred Inflows - Pension	(2,448,673)	
Net Pension Liability	(63,567,732)	
Deferred Outflows - OPEB	2,332,423	
Deferred Inflows - OPEB	(770,775)	
Net OPEB Liability	<u>(29,312,958)</u>	
		<u>(74,717,378)</u>
Net Position of Governmental Activities		<u><u>\$46,758,634</u></u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2019

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
<u>Revenues</u>				
Property Taxes	\$3,034,824	\$0	\$0	\$5,050,633
Permissive Sales Taxes	17,124,817	0	0	0
Permissive Motor Vehicle License Taxes	0	1,128,706	0	0
Other Local Taxes	0	0	0	0
Charges for Services	4,930,306	855,405	36	199,360
Licenses and Permits	6,245	14,300	0	0
Fines and Forfeitures	94,862	153,289	0	0
Intergovernmental	1,943,739	6,755,602	7,828,353	5,711,783
Special Assessments	0	0	0	0
Interest	1,799,170	26,092	0	1,552
Gifts and Donations	0	0	0	0
Other	1,791,823	140,270	953,965	894,306
Total Revenues	30,725,786	9,073,664	8,782,354	11,857,634
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	9,886,620	0	0	0
Judicial	6,906,736	0	0	0
Public Safety	9,734,742	0	0	0
Public Works	129,026	8,032,229	0	0
Health	208,858	0	0	9,126,760
Human Services	449,666	0	17,479,053	0
Conservation and Recreation	363,249	0	0	0
Other	152,792	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	48,583	208,268	25,333	0
Interest and Fiscal Charges	3,378	1,440	0	0
Total Expenditures	27,883,650	8,241,937	17,504,386	9,126,760
Excess of Revenues Over (Under) Expenditures	2,842,136	831,727	(8,722,032)	2,730,874
<u>Other Financing Sources (Uses)</u>				
Capital Loan Issued	0	0	0	0
Sale of Capital Assets	0	29,398	0	0
Inception of Capital Lease	0	0	7,600,000	0
Transfers In	0	0	368,905	0
Transfers Out	(623,812)	(62,256)	0	0
Total Other Financing Sources (Uses)	(623,812)	(32,858)	7,968,905	0
Changes in Fund Balance	2,218,324	798,869	(753,127)	2,730,874
Fund Balance (Deficit) Beginning of Year - Restated (Note 3)	12,766,596	1,823,589	1,682,320	9,191,029
Fund Balance (Deficit) End of Year	\$14,984,920	\$2,622,458	\$929,193	\$11,921,903

See accompanying notes to the basic financial statements

Children Services	Juvenile Detention Center	Ditch Costruction	Other Governmental	Total
\$2,075,328	\$0	\$0	\$1,818,347	\$11,979,132
0	0	0	693,226	17,818,043
0	0	0	0	1,128,706
0	0	0	721,287	721,287
127,360	0	0	4,246,606	10,359,073
0	0	0	556,534	577,079
0	0	0	36,969	285,120
4,334,832	2,380,760	0	6,920,989	35,876,058
0	0	325,273	1,332,544	1,657,817
0	0	0	23,263	1,850,077
0	0	0	35,365	35,365
249,713	633,928	1,000	1,667,370	6,332,375
<u>6,787,233</u>	<u>3,014,688</u>	<u>326,273</u>	<u>18,052,500</u>	<u>88,620,132</u>
0	0	0	1,726,573	11,613,193
0	0	0	2,434,037	9,340,773
0	0	0	2,304,460	12,039,202
0	0	0	1,593,644	9,754,899
0	0	0	420,738	9,756,356
6,338,852	0	0	2,230,278	26,497,849
0	0	0	2,700,673	3,063,922
0	0	2,230	79,641	234,663
0	3,737,069	197,603	2,661,140	6,595,812
0	0	50,000	859,526	1,191,710
0	124,485	36,875	90,729	256,907
<u>6,338,852</u>	<u>3,861,554</u>	<u>286,708</u>	<u>17,101,439</u>	<u>90,345,286</u>
<u>448,381</u>	<u>(846,866)</u>	<u>39,565</u>	<u>951,061</u>	<u>(1,725,154)</u>
0	0	0	159,458	159,458
0	0	0	4,505	33,903
0	0	0	0	7,600,000
0	1,083,618	0	1,090,345	2,542,868
0	0	(108,903)	(1,157,716)	(1,952,687)
<u>0</u>	<u>1,083,618</u>	<u>(108,903)</u>	<u>96,592</u>	<u>8,383,542</u>
448,381	236,752	(69,338)	1,047,653	6,658,388
<u>2,354,759</u>	<u>(3,648,057)</u>	<u>(1,439,625)</u>	<u>15,541,295</u>	<u>38,271,906</u>
<u>\$2,803,140</u>	<u>(\$3,411,305)</u>	<u>(\$1,508,963)</u>	<u>\$16,588,948</u>	<u>\$44,930,294</u>

Allen County, Ohio
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2019

Changes in Fund Balance - Total Governmental Funds \$6,658,388

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 capital outlay exceeded depreciation in the current year.

Capital Outlay - Nondepreciable Capital Assets	4,077,588	
Capital Outlay - Depreciable Capital Assets	9,496,177	
Capital Contribution - Depreciable Capital Assets	108,270	
Depreciation	<u>(4,576,256)</u>	9,105,779

The proceeds from the sale of capital assets are reported as other financing sources 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 or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(33,903)	
Gain on Disposal of Capital Assets	33,552	
Loss on Disposal of Capital Assets	<u>(20,432)</u>	(20,783)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	(522)	
Permissive Sales Taxes	243,931	
Other Local Taxes	9,007	
Charges for Services	(283,338)	
Licenses and Permits	150	
Intergovernmental	(1,768,671)	
Special Assessments	(486,860)	
Interest	(90,185)	
Other	<u>116,150</u>	(2,260,338)

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

Special Assessment Notes Payable	50,000	
General Obligation Bonds Payable	48,583	
Special Assessment Bonds Payable	371,250	
OPWC Loans Payable	155,546	
OWDA Loans Payable	291,544	
Capital Loans Payable	196,732	
Capital Leases Payable	<u>78,055</u>	1,191,710

The inception of a capital lease is reported as an other financing source in the governmental funds but increases long-term liabilities on the statement of net position. (7,600,000)

Debt proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position.

Capital Loans		(159,458)
---------------	--	-----------

(continued)

Allen County, Ohio
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2019
 (continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

Accrued Interest Payable	\$15,398	
Amortization of Premium	<u>9,084</u>	24,482

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (443)

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.

Pension Expense	(12,552,628)	
OPEB Expense	<u>(2,183,291)</u>	(14,735,919)

Contractually required pension contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.

Contractually Required Contributions - Pension	4,543,816	
Contractually Required Contributions - OPEB	<u>28,292</u>	<u>4,572,108</u>

Change in Net Position of Governmental Activities (\$3,224,474)

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,917,000	\$2,917,000	\$3,050,011	\$133,011
Permissive Sales Taxes	15,500,000	15,500,000	17,073,536	1,573,536
Charges for Services	4,269,923	4,723,504	4,904,551	181,047
Licenses and Permits	5,930	5,930	6,245	315
Fines and Forfeitures	83,200	83,200	99,353	16,153
Intergovernmental	1,658,000	1,658,000	1,892,942	234,942
Interest	1,000,000	1,238,362	1,343,680	105,318
Other	665,666	1,454,602	1,588,324	133,722
Total Revenues	26,099,719	27,580,598	29,958,642	2,378,044
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	10,402,218	10,925,335	10,087,397	837,938
Judicial	7,362,035	7,095,365	6,829,878	265,487
Public Safety	9,614,178	10,001,225	9,681,508	319,717
Public Works	95,850	126,320	126,320	0
Health	206,939	210,439	208,858	1,581
Human Services	693,275	698,448	449,031	249,417
Conservation and Recreation	351,365	362,847	361,483	1,364
Other	0	202,568	152,792	49,776
Debt Service:				
Principal Retirement	48,583	48,583	48,583	0
Interest and Fiscal Charges	3,384	3,378	3,378	0
Total Expenditures	28,777,827	29,674,508	27,949,228	1,725,280
Excess of Revenues Over (Under) Expenditures	(2,678,108)	(2,093,910)	2,009,414	4,103,324
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	87,000	580,878	747,429	166,551
Advances In	6,650	97,899	3,058,982	2,961,083
Advances Out	(96,650)	(211,000)	(1,520,306)	(1,309,306)
Transfers Out	(461,514)	(616,277)	(616,277)	0
Total Other Financing Sources (Uses)	(464,514)	(148,500)	1,669,828	1,818,328
Changes in Fund Balance	(3,142,622)	(2,242,410)	3,679,242	5,921,652
Fund Balance Beginning of Year	3,074,313	3,074,313	3,074,313	0
Prior Year Encumbrances Appropriated	68,309	68,309	68,309	0
Fund Balance End of Year	\$0	\$900,212	\$6,821,864	\$5,921,652

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Permissive Motor Vehicle License Taxes	\$1,090,000	\$1,090,000	\$1,084,092	(\$5,908)
Charges for Services	720,000	720,000	876,387	156,387
Licenses and Permits	12,000	12,000	14,050	2,050
Fines and Forfeitures	170,000	170,000	153,266	(16,734)
Intergovernmental	5,050,000	6,366,025	6,633,266	267,241
Interest	2,000	2,000	25,728	23,728
Total Revenues	7,044,000	8,360,025	8,786,789	426,764
<u>Expenditures</u>				
Current:				
Public Works	6,768,050	9,226,910	8,304,135	922,775
Debt Service:				
Principal Retirement	159,229	159,229	155,546	3,683
Total Expenditures	6,927,279	9,386,139	8,459,681	926,458
Excess of Revenues Over (Under) Expenditures	116,721	(1,026,114)	327,108	1,353,222
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	140,000	140,000	140,270	270
Sale of Capital Assets	0	0	29,398	29,398
Transfers Out	(255,000)	(255,000)	(62,256)	192,744
Total Other Financing Sources (Uses)	(115,000)	(115,000)	107,412	222,412
Changes in Fund Balance	1,721	(1,141,114)	434,520	1,575,634
Fund Balance Beginning of Year	563,303	563,303	563,303	0
Prior Year Encumbrances Appropriated	421,024	421,024	421,024	0
Fund Balance End of Year	\$986,048	(\$156,787)	\$1,418,847	\$1,575,634

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Charges for Services	\$500	\$500	\$36	(\$464)
Intergovernmental	9,382,500	9,382,500	7,791,475	(1,591,025)
Total Revenues	9,383,000	9,383,000	7,791,511	(1,591,489)
<u>Expenditures</u>				
Current:				
Human Services	10,758,233	11,130,487	10,491,364	639,123
Excess of Revenues Under Expenditures	(1,375,233)	(1,747,487)	(2,699,853)	(952,366)
<u>Other Financing Sources</u>				
Other Financing Sources	1,016,857	1,016,857	949,717	(67,140)
Transfers In	368,905	368,905	368,905	0
Total Other Financing Sources	1,385,762	1,385,762	1,318,622	(67,140)
Changes in Fund Balance	10,529	(361,725)	(1,381,231)	(1,019,506)
Fund Balance Beginning of Year	779,114	779,114	779,114	0
Prior Year Encumbrances Appropriated	1,034,706	1,034,706	1,034,706	0
Fund Balance End of Year	<u>\$1,824,349</u>	<u>\$1,452,095</u>	<u>\$432,589</u>	<u>(\$1,019,506)</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$5,221,768	\$5,221,768	\$5,082,387	(\$139,381)
Charges for Services	177,958	177,958	183,796	5,838
Intergovernmental	4,176,442	4,506,187	5,377,613	871,426
Interest	160	160	1,635	1,475
Other	<u>157,037</u>	<u>157,037</u>	<u>157,050</u>	<u>13</u>
Total Revenues	9,733,365	10,063,110	10,802,481	739,371
<u>Expenditures</u>				
Current:				
Health	<u>11,202,296</u>	<u>11,595,584</u>	<u>9,536,951</u>	<u>2,058,633</u>
Excess of Revenues Under Expenditures	(1,468,931)	(1,532,474)	1,265,530	2,798,004
<u>Other Financing Sources</u>				
Other Financing Sources	<u>626,940</u>	<u>718,837</u>	<u>733,122</u>	<u>14,285</u>
Changes in Fund Balance	(841,991)	(813,637)	1,998,652	2,812,289
Fund Balance Beginning of Year	9,093,023	9,093,023	9,093,023	0
Prior Year Encumbrances Appropriated	<u>360,359</u>	<u>360,359</u>	<u>360,359</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$8,611,391</u></u>	<u><u>\$8,639,745</u></u>	<u><u>\$11,452,034</u></u>	<u><u>\$2,812,289</u></u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Children Services Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,387,917	\$2,474,213	\$2,086,834	(\$387,379)
Charges for Services	133,500	133,500	127,360	(6,140)
Intergovernmental	<u>3,771,388</u>	<u>4,437,970</u>	<u>4,496,387</u>	<u>58,417</u>
Total Revenues	6,292,805	7,045,683	6,710,581	(335,102)
<u>Expenditures</u>				
Current:				
Human Services	<u>6,490,521</u>	<u>6,490,521</u>	<u>6,346,461</u>	<u>144,060</u>
Excess of Revenues Over (Under) Expenditures	(197,716)	555,162	364,120	(191,042)
<u>Other Financing Sources</u>				
Other Financing Sources	<u>159,475</u>	<u>323,646</u>	<u>249,713</u>	<u>(73,933)</u>
Changes in Fund Balance	(38,241)	878,808	613,833	(264,975)
Fund Balance Beginning of Year	<u>2,355,567</u>	<u>2,355,567</u>	<u>2,355,567</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,317,326</u></u>	<u><u>\$3,234,375</u></u>	<u><u>\$2,969,400</u></u>	<u><u>(\$264,975)</u></u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2019

	Sewer
<u>Assets</u>	
<u>Current Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$4,621,580
Accounts Receivable	3,026,982
Prepaid Items	17,615
Materials and Supplies Inventory	66,436
Interfund Receivable	287,965
Total Current Assets	8,020,578
<u>Non-Current Assets</u>	
Net Pension Asset	11,049
Nondepreciable Capital Assets	51,219
Depreciable Capital Assets, Net	45,512,802
Total Non-Current Assets	45,575,070
Total Assets	53,595,648
<u>Deferred Outflows of Resources</u>	
Pension	921,090
OPEB	114,920
Total Deferred Outflows of Resources	1,036,010
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accrued Wages Payable	65,464
Accounts Payable	78,800
Due to Other Governments	29,334
Interfund Payable	41,436
OWDA Loans Payable	1,164,671
Capital Leases Payable	57,664
Compensated Absences Payable	110,438
Total Current Liabilities	1,547,807
<u>Non-Current Liabilities</u>	
OWDA Loans Payable	16,874,765
Net Pension Liability	3,107,891
Net OPEB Liability	1,447,553
Compensated Absences Payable	175,741
Total Non-Current Liabilities	21,605,950
Total Liabilities	23,153,757
<u>Deferred Inflows of Resources</u>	
Pension	85,237
OPEB	29,222
Total Deferred Inflows of Resources	114,459
<u>Net Position</u>	
Net Investment in Capital Assets	27,466,921
Unrestricted	3,896,521
Total Net Position	\$31,363,442

See accompanying notes to the basic financial statements

This Page Intentionally Left Blank

Allen County, Ohio
Statement of Revenues, Expenses,
and Change in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2019

	Sewer
<u>Operating Revenues</u>	
Charges for Services	\$7,967,133
Licenses, Permits, and Inspections	77,200
Other	191,367
Total Operating Revenues	8,235,700
<u>Operating Expenses</u>	
Personal Services	2,908,031
Materials and Supplies	339,766
Contractual Services	2,455,366
Other	8,112
Depreciation	2,340,540
Total Operating Expenses	8,051,815
Operating Income	183,885
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	150
Gain on Disposal of Fixed Assets	4,750
Loss on Disposal of Fixed Assets	(37,599)
Interest Expense	(587,808)
Total Non-Operating Revenues (Expenses)	(620,507)
Income before Capital Contributions and Transfers	(436,622)
Capital Contributions	1,421,060
Transfers In	73,000
Transfers Out	(663,181)
Change in Net Position	394,257
Net Position Beginning of Year - Restated (Note 3)	30,969,185
Net Position End of Year	\$31,363,442

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2019

	Sewer
Increase (Decrease) in Cash and Cash Equivalents	
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$7,903,837
Cash Payments for Personal Services	(2,327,976)
Cash Payments to Suppliers	(1,182,078)
Cash Payments for Contractual Services	(1,774,147)
Cash Received from Other Revenues	268,567
Cash Payments for Other Expenses	(8,112)
Net Cash Provided by Operating Activities	2,880,091
<u>Cash Flows from Noncapital Financing Activities</u>	
Cash Received from Advances In	120,300
Cash Payments for Advances Out	(482,260)
Cash Received from Transfers In	73,000
Net Cash Used for Noncapital Financing Activities	(288,960)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(148,445)
Principal Paid on OWDA Loans	(1,210,207)
Interest Paid on OWDA Loans	(584,639)
Principal Paid on Capital Loan	(196,732)
Interest Paid on Capital Loan	(17,899)
Lease Principal	(56,102)
Lease Interest	(3,169)
Sale of Capital Assets	4,750
Capital Grant	26,574
Net Cash Used for Capital and Related Financing Activities	(2,185,869)
<u>Cash Flows from Investing Activities</u>	
Interest	150
Net Increase in Cash and Cash Equivalents	405,412
Cash and Cash Equivalents Beginning of Year	4,216,168
Cash and Cash Equivalents End of Year	\$4,621,580

(continued)

Allen County, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2019
(continued)

	Sewer
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income	\$183,885
<u>Adjustments to Reconcile Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Depreciation	2,340,540
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(58,700)
Decrease in Due from Other Governments	421
Increase in Prepaid Items	(1,477)
Increase in Materials and Supplies Inventory	(423)
Increase in Interfund Receivable	(5,017)
Increase in Net Pension Asset	(3,318)
Increase in Accrued Wages Payable	13,962
Decrease in Accounts Payable	(96,507)
Decrease in Due to Other Governments	(40,191)
Decrease in Interfund Payable	(20,491)
Increase in Compensated Absences Payable	40,749
Decrease in Net Pension Liability	(3,371)
Decrease in Deferred Outflows - Pension	675,686
Decrease in Deferred Inflows - Pension	(257,676)
Increase in Net OPEB Liability	79,294
Decrease in Deferred Outflows - OPEB	76,314
Decrease in Deferred Inflows - OPEB	(43,589)
Total Adjustments	2,696,206
Net Cash Provided by Operating Activities	\$2,880,091

Non-Cash Capital Transactions

During 2019, the Sanitary Sewer enterprise fund received capital assets from governmental activities, in the amount of \$1,394,486.

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Investment Trust	Martha Mark Private Purpose Trust	Custodial
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$5,076,456	\$12,596	\$14,916,106
Cash and Cash Equivalents in Segregated Accounts	0	0	818,368
Due from Other Governments	0	0	4,285,491
Property Taxes Receivable	0	0	93,762,301
Special Assessments Receivable	0	0	15,594,602
Total Assets	5,076,456	12,596	129,376,868
<u>Liabilities</u>			
Due to Other Governments	0	0	3,960,839
<u>Deferred Inflows of Resources</u>			
Property Taxes	0	0	87,160,809
<u>Net Position</u>			
Held in Trust for External Pool Participants	5,076,456	0	0
Held in Trust for the Benefit of Children	0	12,596	0
Restricted for Individuals, Organizations, and other Governments	0	0	38,255,220
Total Net Position	5,076,456	12,596	38,255,220

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Investment Trust	Custodial
<u>Additions</u>		
Interest	\$115,070	\$0
Intergovernmental	0	36,727,718
Amounts Received as Fiscal Agent	0	25,801,368
Licenses, Permits, and Fees for Other Governments	0	833,982
Fines and Forfeitures for Other Governments	0	1,082,903
Property Tax Collections for Other Governments	0	55,037,990
Property Tax Collections for the State of Ohio	0	18,789,148
Other Local Tax Collections for Other Governments	0	340,415
Special Assessments Collections for Other Governments	0	3,591,468
Sheriff Sales Collections for Others	0	1,313,419
Other	0	1,702,154
Total Additions	<u>115,070</u>	<u>145,220,565</u>
<u>Deductions</u>		
Capital Transactions	(58,804)	0
Distributions to Participants	115,807	0
Distributions to the State of Ohio	0	1,153,772
Distributions of State Funds to Other Governments	0	37,351,637
Distributions as Fiscal Agent	0	24,893,451
Distributions to Individuals	0	921,121
Licenses, Permits, and Fees Distributions to Other Governments	0	488,170
Fines and Forfeitures Distributions to Other Governments	0	1,577,542
Property Tax Distributions to Other Governments	0	54,240,992
Property Tax Distributions to the State of Ohio	0	18,789,148
Other Local Tax Distributions to Other Governments	0	340,415
Special Assessments Distributions to Other Governments	0	2,854,993
Sheriff Sales Distributions to Others	0	1,322,698
Total Deductions	<u>57,003</u>	<u>143,933,939</u>
Net Increase in Fiduciary Net Position	58,067	1,286,626
Net Position Beginning of Year - Restated (Note 3)	<u>5,018,389</u>	<u>36,968,594</u>
Net Position End of Year	<u><u>\$5,076,456</u></u>	<u><u>\$38,255,220</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 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 (DD), the Veteran's 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County.

Discretely Presented Component Units

The component unit column on the government-wide financial statements identifies the financial data of the County's component units, LODDI and the Allen County Land Reutilization Corporation (Land Bank). They are reported separately to emphasize that they are legally separate from the County. Information about the component units is presented in Notes 26 and 27 to the basic financial statements.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity (continued)

LODDI - 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 individuals in Allen County with developmental disabilities. Due to a significant portion of LODDI's income being received from the Allen County Board of DD and because the Allen County Board of DD assumes the responsibility for all debts of LODDI upon dissolution, 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, 2500 Ada Road, Lima, Ohio 45801.

Allen County Land Reutilization Corporation - The Allen County Land Reutilization Corporation (Land Bank) is a county land reutilization corporation that was formed on January 7, 2016, when the Allen County Board of Commissioners authorized the incorporation of the Land Bank under Chapters 1724 and 1702 of the Ohio Revised Code through a resolution as a not-for-profit corporation under the laws of the State of Ohio. The purpose of the Land Bank is to strengthen neighborhoods in the County by returning vacant and abandoned properties to productive use. The Land Bank has been designated as the County's agent to further its mission to reclaim, rehabilitate, and reutilize vacant, abandoned, tax-foreclosed, or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code.

The Land Bank is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the City of Lima, and one representative selected by the statutory directors. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, the County is able to impose its will on the operation of the Land Bank and the relationship between the primary government and the organization is such that exclusion would cause the County's financial statements to be misleading. Separately issued financial statements can be obtained from the Allen County Land Reutilization Corporation, 301 North Main Street, Suite 203, 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 District and the Johnny Appleseed Metropolitan Park District are reported as an investment trust fund since they represent the external portion of an investment pool. The remaining organizations are reported as custodial funds within the financial statements.

- Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties
- District Board of Health
- Allen County 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 Treatment and Habilitation (WORTH) Center
- Allen Water District

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity (continued)

The County participates in several joint ventures, jointly governed organizations, insurance pools, and related organizations. These organizations are presented in Notes 22, 23, 24, and 25 to the basic financial statements. These organizations are:

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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 activity. 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 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.

Fund Financial Statements

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

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.

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 and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

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

Motor Vehicle and Gasoline Tax - This fund accounts for monies derived from gasoline taxes and the sale of motor vehicle licenses. Expenditures are restricted by State law to county road and bridge repair/improvement programs.

Job and Family Services - This fund accounts for federal, state, and local monies restricted to providing general relief and to pay providers of medical assistance and social services.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Developmental Disabilities - This fund accounts for a county-wide property tax levy and federal and state grants restricted for the operation of a school for the developmentally disabled.

Children Services - This fund accounts for a county-wide property tax levy; federal, state, and local grants; and contracted services restricted to operate the children's service bureau.

Juvenile Detention Center - This fund accounts for state and local monies restricted for Juvenile Detention Center capital improvements.

Ditch Construction - This fund accounts for special assessments restricted for the construction of ditches.

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

Proprietary Funds

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

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

Sewer - This fund accounts for user charges for sewer service provided to residents of Allen County.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The County's investment trust fund accounts for the external portion of the County's investment pool. The County's custodial funds are used to account for assets held by the County as fiscal agent for the Board of Health and other districts and entities; for various taxes, assessments, fines and fees collected for the benefit of and distributed to other governments; and for State shared resources received from the State and distributed to other local governments.

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus

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.

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 balances 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 enterprise and fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the enterprise fund, the statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the County finances and meets the cash flow needs of its enterprise activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from fiduciary funds.

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; the enterprise fund 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 outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Revenues - Exchange and Nonexchange 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.

Nonexchange 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 nonexchange 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 and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred outflows of resources are reported on the government-wide and enterprise fund statements of net position for pension and OPEB and explained in Notes 15 and 16 to the basic financial statements.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report 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 until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, other local taxes, amounts due from component units, interfund, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 23. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and enterprise fund statements of net position and explained in Notes 15 and 16 to the basic financial statements.

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

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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 appropriations 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.

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 are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

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” or “Investments in Segregated Accounts”.

During 2019, the County invested in nonnegotiable and negotiable certificates of deposit, federal agency securities, mutual funds, 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 price or current share price. 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 has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million requiring the excess amount to be transacted the following business day(s) but only to the \$100 million limit. All accounts of the participant will be combined for this purpose.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2019 was \$1,799,170, which includes \$1,610,550 assigned from other County funds.

Investments of the cash management pool and 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 that were not purchased from the pool are reported as investments.

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019, 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, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that have a legal restriction on their use are reported as restricted.

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 enterprise fund are reported in both the business-type activities column on the government-wide statement of net position and in the fund.

All capital assets are capitalized at 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.

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. The County reports all infrastructure, including that acquired prior to 1980.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities	Business-Type Activity
Buildings and Improvements	35 years	35 years
Machinery and Equipment	12 years	12-40 years
Vehicles	6 years	6 years
Furniture, Fixtures, and Equipment	5-10 years	10 years
Roads	15-20 years	n/a
Bridges	50 years	n/a
Infrastructure	n/a	35 years

K. Interfund Assets/Liabilities

On fund financial statements, outstanding interfund loans and unpaid amounts for services provided 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”.

L. 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 a 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.

M. 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 enterprise fund are reported on the enterprise fund financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

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 only to the extent that they are due for payment during the current year. General obligation bonds, special assessment bonds, long-term notes and loans, capital loans, and capital leases are recognized as liabilities on the governmental fund financial statements when due. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits.

N. Unamortized Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

O. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for various law enforcement activities 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:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term portion of interfund receivables, where applicable.

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 laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2020 budget. Certain resources have also been assigned for auto titling, for the clerk of courts, economic development, and for other miscellaneous purposes.

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.

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 enterprise fund. For the County, these revenues are user charges 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 nonoperating.

Note 2 - Summary of Significant Accounting Policies (continued)

R. Capital Contributions

Capital contributions arise from contributions from outside sources and from other funds of the County.

S. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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 nonoperating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

U. 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.

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Position

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". The County evaluated implanting these certain GASB pronouncements based on the guidance in GASB Statement No. 95.

For 2019, the County has implemented GASB Statement No. 84, "Fiduciary Activities", Statement No. 88, "Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements", Statement No. 90, "Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61", and related guidance from GASB Implementation Guide 2019-2, "Fiduciary Activities".

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Position
(continued)

For 2019, the County also implemented GASB Implementation Guide No. 2018-1. These changes were incorporated in the County's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds while other funds have been reclassified as governmental funds or enterprise funds. These reclassifications resulted in a restatement of the County's financial statements.

GASB Statement No. 88 improves the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the County's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if the government's holding of the equity interest meets the definition of an investment. These changes were incorporated in the County's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

The implementation of GASB Statement No. 84 had the following effect on fund balance as previously reported at December 31, 2018.

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Fund Balance, December 31, 2018	\$11,929,742	\$1,810,589	\$1,682,320	\$9,191,029
GASB Statement No. 84	836,854	13,000	0	0
Restated Fund Balance, December 31, 2018	<u>\$12,766,596</u>	<u>\$1,823,589</u>	<u>\$1,682,320</u>	<u>\$9,191,029</u>

	Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental
Fund Balance (Deficit), December 31, 2018	\$2,354,759	(\$3,648,057)	(\$1,439,625)	\$15,540,758
GASB Statement No. 84	0	0	0	537
Restated Fund Balance (Deficit), December 31, 2018	<u>\$2,354,759</u>	<u>(\$3,648,057)</u>	<u>(\$1,439,625)</u>	<u>\$15,541,295</u>

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 3 - Change in Accounting Principles and Restatement of Fund Balance/Net Position
(continued)

	Total
Fund Balance, December 31, 2018	\$37,421,515
GASB Statement No. 84	850,391
Restated Fund Balance, December 31, 2018	\$38,271,906

The implementation of GASB Statement No. 84, had the following effect on net position as previously reported at December 31, 2018.

	Sewer
Net Position, December 31, 2018	\$30,962,238
GASB Statement No. 84	6,947
Restated Net Position, December 31, 2018	\$30,969,185

	Governmental Activities	Business-Type Activities
Net Position, December 31, 2018	\$49,132,717	\$30,962,238
GASB Statement No. 84	850,391	6,947
Restated Net Position, December 31, 2018	\$49,983,108	\$30,969,185

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$36,968,594. Also related to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds that reported assets and liabilities of \$127,884,364 at December 31, 2018.

Note 4 - Accountability and Compliance

A. Accountability

At December 31, 2019, the Wellness special revenue fund, and the Juvenile Detention Center, Ditch Construction, Water Projects, Sewer Projects, Slabtown Road, and Elida Road capital projects funds had a deficit fund balance, in the amount of \$701, \$3,411,305, \$1,508,963, \$15,474, \$86,392, \$285,488, and \$107,974, respectfully, 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.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 4 - Accountability and Compliance (continued)

B. Compliance

At December 31, 2019, the Motor Vehicle and Gasoline Tax, Drug Law Enforcement, Indigent Guardianship, and Doc Payroll Grant special revenue funds, and the Juvenile Detention Center and Ditch Construction capital projects funds, had final appropriations in excess of estimated resources plus available balances, in the amount of \$156,787, \$427,480, \$5,253, \$115,077, \$14,584, and \$657,764, respectively. The County will review appropriations to ensure they are within available resources.

For the year ended December 31, 2019, the following funds had expenditures plus encumbrances in excess of appropriations at the legal level of control.

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Debt Service			
Future Debt Service	\$0	\$27,072	\$27,072
Capital Projects			
Juvenile Detention Center	4,133,458	4,399,371	265,913

The County will review expenditures to ensure they are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances 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 and the major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 5 - Budgetary Basis of Accounting

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

	Changes in Fund Balance				
	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities	Children Services
GAAP Basis	\$2,218,324	\$798,869	(\$753,127)	\$2,730,874	\$448,381
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2018, Received in Cash 2019	1,692,536	494,348	120,130	124,014	167,887
Accrued 2019, Not Yet Received in Cash	(1,823,494)	(640,566)	(156,668)	(451,833)	(6,332)
Expenditure Accruals					
Accrued 2018, Paid in Cash 2019	(864,342)	(142,680)	(360,291)	(727,308)	(311,857)
Accrued 2019, Not Yet Paid in Cash	1,056,257	338,036	631,649	357,359	337,414
Cash Adjustments					
Unrecorded Activity 2018	670,067	28,812	45,282	235,154	115,148
Unrecorded Activity 2019	(813,684)	(69,505)	(48,630)	(229,889)	(132,728)
Prepaid Items	6,346	(2,283)	(4,582)	(5,921)	(3,642)
Materials and Supplies Inventory	24,584	(16,898)	8,658	(6,704)	(438)
Advances In	3,058,982	0	0	0	0
Advances Out	(1,520,306)	0	0	0	0
Transfers Out	7,535	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(33,563)	(353,613)	(863,652)	(27,094)	0
Budget Basis	<u>\$3,679,242</u>	<u>\$434,520</u>	<u>(\$1,381,231)</u>	<u>\$1,998,652</u>	<u>\$613,833</u>

Note 6 - Deposits and Investments

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 - Deposits and Investments (continued)

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;
6. 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 or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(6); and repurchase agreements secured by such obligations provided these investments 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 simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification 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, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
 - b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than 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 three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

Note 6 - Deposits and Investments (continued)

11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,
12. Up to 2 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 subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, 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. Except as noted above, all investments must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2019, \$112,873 of the County's total bank balance of \$7,520,978 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 - Deposits and Investments (continued)

Investments

As of December 31, 2019, the County had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturities (in Years)	
		Less Than 1	1-5
Fair Value (Level 1 Inputs)			
Mutual Funds	\$35,326,168	\$35,326,168	\$0
Fair Value (Level 2 Inputs)			
Federal Home Loan Bank Notes	998,740	998,740	0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	7,116,474	3,150,844	3,965,630
Net Asset Value Per Share			
STAR Ohio	19,380,439	19,380,439	0
Total Investments	\$62,821,821	\$58,856,191	\$3,965,630

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2019. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The County's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs). The negotiable certificates of deposit measured at fair value are valued using Level 3 inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those 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.

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Home Loan Bank Notes and mutual funds carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating by at least one nationally recognized standard rating service.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 6 - Deposits and Investments (continued)

The County places no limit on the amount of its inactive monies it may invest in a particular security. The following table indicates the percentage of each investment to the County's total portfolio.

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$998,740	1.59%
Negotiable Certificates of Deposit	7,116,474	11.33%

Note 7 - Investment Pool

The County serves as fiscal agent for the North Central Ohio Solid Waste District and the Johnny Appleseed Metropolitan Park District, legally separate entities. The County pools the monies of these entities with the County's for investment purposes. Participation in the pool is voluntary. The County cannot allocate its investments between the internal and external investment pools. The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of interest that it earns.

Condensed financial information for the investment pool is as follows:

Statement of Net Position
December 31, 2019

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$67,500,720
Accrued Interest Receivable	30,196
Total Assets	\$67,530,916
 <u>Net Position Held in Trust for Pool Participants</u>	
Internal Portion	\$62,454,460
External Portion	5,076,456
Total Net Position Held in Trust for Pool Participants	\$67,530,916

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 - Investment Pool (continued)

Statement of Changes in Net Position
December 31, 2019

<u>Revenues</u>	
Interest	\$1,965,297
<u>Expenses</u>	
Operating Expenses	0
Net Increase Resulting from Operations	1,965,297
Distributions to Participants	(1,510,610)
Capital Transactions	5,652,751
Total Increase in Net Position	6,107,438
Net Position Beginning of Year	61,423,478
Net Position End of Year	<u>\$67,530,916</u>

Investments

As of December 31, 2019, the County's investment pool had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturities (in Years)	
		Less Than 1	1-5
Fair Value (Level 1 Inputs)			
Mutual Funds	\$35,326,168	\$35,326,168	\$0
Fair Value (Level 2 Inputs)			
Federal Home Loan Bank Notes	998,740	998,740	0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	7,116,474	3,150,844	3,965,630
Net Asset Value Per Share			
STAR Ohio	19,380,439	19,380,439	0
Total Investments	<u>\$62,821,821</u>	<u>\$58,856,191</u>	<u>\$3,965,630</u>

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 7 - Investment Pool (continued)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2019. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The County's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs). The negotiable certificates of deposit measured at fair value are valued using Level 3 inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those 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.

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Home Loan Bank Notes and mutual funds carry a rating of Aaa by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating by at least one nationally recognized standard rating service.

The County places no limit on the amount of its inactive monies it may invest in a particular security. The following table indicates the percentage of each investment to the County's total portfolio.

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$998,740	1.59%
Negotiable Certificates of Deposit	7,116,474	11.33%

Note 8 - Receivables

Receivables at December 31, 2019, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales and motor vehicle license taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; amounts due from component units, interfund; property taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for interfund, property taxes, notes, and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 - Receivables (continued)

Notes receivable, in the amount of \$528,494, will not be received within one year. Special assessments receivable, in the amount of \$1,147,410 will not be received within one year. At December 31, 2019, the amount of delinquent special assessments was \$309,953.

Notes receivable represent low interest loans for development projects granted to eligible County residents and businesses under the Housing Assistance Program and the Federal Community Development Block Grant program. The notes have interest rates ranging from zero to 4.25 percent and are to be repaid over periods ranging from five to twenty-one years.

Notes receivable also include zero interest loans for college tuition granted to recipients of the Craft Educational Trust Scholarship. Beginning three years after the recipient graduates from college, 60 percent of the awarded scholarship is to be repaid over the next five years. The remaining 40 percent is not required to be repaid and is not recorded as part of notes receivable.

A summary of the changes in notes receivable during 2019 follows:

	Balance January 1, 2019	New Loans	Repayments	Balance December 31, 2019
Special Revenue Funds				
Revolving Loan Fund				
Housing Assistance Program	\$322,239	\$25,438	\$27,894	\$319,783
Community Development Block Grant	534,267	0	268,497	265,770
Total Revolving Loan Fund	856,506	25,438	296,391	585,553
Craft Educational Trust Fund Scholarships	13,480	1,200	1,160	13,520
	869,986	\$26,638	\$297,551	599,073
Less Allowance for Uncollectible Accounts				25,606
				\$573,467

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$495,633
Election Costs	90,666
Homestead and Rollback	187,639
Indigent Defense	139,089
Miami County Auditor	4,033
Perry Township	8,400
Shelby County Auditor	1,034
Bureau of Workers' Compensation	143,656
Total General Fund	1,070,150

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Motor Vehicle and Gasoline Tax	
Gasoline Tax	\$1,290,982
Motor Vehicle License Fees	1,283,713
State of Ohio Environmental Protection Agency	42,446
Charges for Services	78,008
Total Motor Vehicle and Gasoline Tax	2,695,149
Job and Family Services	
Department of Job and Family Services	441,546
Bureau of Workers' Compensation	338
Total Job and Family Services	441,884
Developmental Disabilities	
Department of Education	235,070
Hardin County	62
State of Ohio	331,813
Homestead and Rollback	279,631
Personal Property Phase Out	87,555
Charges for Services	15,564
Total Developmental Disabilities	949,695
Children Services	
Department of Education	796,220
Homestead and Rollback	122,506
Personal Property Phase Out	21,080
Total Children Services	939,806
Total Major Funds	6,096,684
Nonmajor Funds	
Drug Law Enforcement	
Department of Public Safety	109
Sheriff's Grants	251,209
Total Drug Law Enforcement	251,318
Child Support Enforcement Agency	
Child Support Enforcement	239,033
State of Ohio	32,938
Total Child Support Enforcement Agency	271,971
Felony Care and Subsidy	
Ohio Department of Youth Services	145,293
Adult Probation Grant	
Ohio Department of Rehabilitation and Correction	627,723
Emergency Management Agency	
Emergency Management Grants	27,263
Future Debt Service	
Homestead and Rollback	85,287
Sewer Projects	
City of Lima	9,362
	(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 8 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Marimor Permanent Improvement	
Homestead and Rollback	\$24,316
Personal Property Phase Out	7,613
Total Marimor Permanent Improvement	31,929
Building and Expansion	
Casino Tax	613,956
Total Nonmajor Funds	2,064,102
Total Governmental Activities	\$8,160,786
Custodial Funds	
Local Government	\$1,428,397
Library Local Government	1,800,072
Gasoline Tax	643,531
Motor Vehicle License Fees	413,491
Total Custodial Funds	\$4,285,491

Note 9 - Permissive Sales and Use Tax

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 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.

Note 10 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2019 represent the collection of 2018 taxes. Real property taxes received in 2019 were levied after October 1, 2018, on the assessed values as of January 1, 2018, 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 2019 represent the collection of 2018 taxes. Public utility real and tangible personal property taxes received in 2019 became a lien on December 31, 2017, were levied after October 1, 2018, 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.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 10 - Property Taxes (continued)

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 custodial funds. The amount of the County's tax collections is accounted for within the applicable funds.

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2019, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2019 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2019, was \$11.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Real Property	
Residential	\$1,287,687,890
Agriculture	200,201,050
Commercial/Industrial/Mineral	426,709,900
Public Utility Property	
Real	960,140
Personal	158,687,910
Total Assessed Value	\$2,074,246,890

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$3,929,515	\$0	\$0	\$3,929,515
Construction in Progress	6,799,832	4,077,588	(10,112,281)	765,139
Total Nondepreciable Capital Assets	10,729,347	4,077,588	(10,112,281)	4,694,654
Depreciable Capital Assets				
Buildings and Improvements	60,236,269	15,925,018	0	76,161,287
Machinery and Equipment	2,669,861	541,812	(126,234)	3,085,439
Vehicles	4,637,245	562,567	(1,119,303)	4,080,509
Furniture, Fixtures, and Equipment	5,593,907	839,126	(955,621)	5,477,412
Roads	33,611,202	991,255	0	34,602,457
Bridges	33,646,172	856,950	0	34,503,122
Total Depreciable Capital Assets	140,394,656	19,716,728	(2,201,158)	157,910,226

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 - Capital Assets (continued)

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Governmental Activities (continued)				
Less Accumulated Depreciation for				
Buildings and Improvements	(\$40,377,839)	(\$1,661,502)	\$0	(\$42,039,341)
Machinery and Equipment	(1,953,792)	(105,975)	118,395	(1,941,372)
Vehicles	(3,703,942)	(275,321)	1,107,871	(2,871,392)
Furniture, Fixtures, and Equipment	(4,581,892)	(278,360)	954,109	(3,906,143)
Roads	(18,166,218)	(1,531,224)	0	(19,697,442)
Bridges	(11,640,651)	(723,874)	0	(12,364,525)
Total Accumulated Depreciation	<u>(80,424,334)</u>	<u>(4,576,256)</u>	<u>2,180,375</u>	<u>(82,820,215)</u>
Total Depreciable Capital Assets, Net	<u>59,970,322</u>	<u>15,140,472</u>	<u>(20,783)</u>	<u>75,090,011</u>
Governmental Activities Capital Assets, Net	<u>\$70,699,669</u>	<u>\$19,218,060</u>	<u>(\$10,133,064)</u>	<u>\$79,784,665</u>

During 2019, the County accepted contributions of depreciable capital assets from outside sources with a fair value of \$108,270.

	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
Business-Type Activity				
Nondepreciable Capital Assets				
Land	\$51,219	\$0	\$0	\$51,219
Depreciable Capital Assets				
Buildings and Improvements	3,551,806	0	0	3,551,806
Machinery, Equipment, and Vehicles	3,059,631	148,445	(294,067)	2,914,009
Infrastructure	78,853,285	1,394,486	0	80,247,771
Total Depreciable Capital Assets	<u>85,464,722</u>	<u>1,542,931</u>	<u>(294,067)</u>	<u>86,713,586</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(1,317,782)	(101,480)	0	(1,419,262)
Machinery, Equipment, and Vehicles	(2,073,528)	(171,702)	256,468	(1,988,762)
Infrastructure	(35,725,402)	(2,067,358)	0	(37,792,760)
Total Accumulated Depreciation	<u>(39,116,712)</u>	<u>(2,340,540)</u>	<u>256,468</u>	<u>(41,200,784)</u>
Total Depreciable Capital Assets, Net	<u>46,348,010</u>	<u>(797,609)</u>	<u>(37,599)</u>	<u>45,512,802</u>
Business-Type Activity Capital Assets, Net	<u>\$46,399,229</u>	<u>(\$797,609)</u>	<u>(\$37,599)</u>	<u>\$45,564,021</u>

Business-type activities accepted a contribution of capital assets from governmental activities, in the amount of \$1,394,486.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 11 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$555,698
Judicial	317,226
Public Safety	294,444
Public Works	2,434,253
Health	196,724
Human Services	331,523
Conservation and Recreation	446,388
Total Depreciation Expense - Governmental Activities	\$4,576,256

Note 12 - Interfund Receivables/Payables

Interfund balances at December 31, 2019, consisted of the following receivables and payables:

Due to General Fund from:	
Motor Vehicle and Gasoline Tax	\$24,390
Job and Family Services	46,403
Developmental Disabilities	49,403
Children Services	27,481
Juvenile Detention Center	4,053,500
Ditch Construction	1,667,181
Other Governmental Funds	555,252
Sewer	41,436
Total Due to General Fund	\$6,465,046
Due to Motor Vehicle Gas Tax Fund from:	
General	\$844
Other Governmental Funds	1,226
Total Due to Motor Vehicle Gas Tax Fund	\$2,070
Due to Children Services Fund from:	
Job and Family Services	\$287,860
Due to Other Governmental Funds from:	
Other Governmental Funds	\$224,960
Due to Sewer Fund from:	
Ditch Construction	\$5,017
Other Governmental Funds	282,948
Total Due to Sewer Fund	\$287,965

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 12 - Interfund Receivables/Payables (continued)

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

Interfund receivables not expected to be repaid within one year include \$4,909,199 to the General Fund, \$200,000 to other governmental funds, and \$282,948 to the Sewer enterprise fund.

Note 13 - Risk Management

A. Workers' Compensation

The County's workers' compensation coverage is provided by the State of Ohio. The County pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

B. 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 2019, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 to \$25,000 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Privacy and Security Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Building and Contents	319,888,090
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value or Cost
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

There has been no significant reduction in insurance coverage from 2018 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 14 - Construction and Other Significant Commitments

The County had various outstanding contracts at December 31, 2019. The following amounts remain on these contracts.

Vendor	Outstanding Balance
All Phase Electric Supply Company	\$28,108
All Temp Refrigeration	138,285
Allen County Child Support	75,000
Allen County Children's Board	500,000
Allen County Common Pleas Court	65,593
Allen County Juvenile Court	262,186
Bluffton Paving	133,469
E Lee Construction, Inc.	135,390
Encore Precast, LLC	48,896
Fabcor, Inc.	134,600
Hume Supply, Inc.	222,156
Kalida Truck Equipment, Inc.	117,200
Kohli & Kaliher Association LTD, Inc.	197,649
Lebanon Ford	228,683
Matt Lancia Signature Homes, LLC	27,094
T&D Interiors, Inc.	22,498
The Detroit Salt Company, LLC	19,735
Turf Concepts, LLC	68,330
United Telephone Company of Ohio	239,612

At year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in 2020 are as follows:

General Fund	\$33,563
Motor Vehicle and Gasoline Tax Fund	353,613
Job and Family Services Fund	863,652
Developmental Disabilities	27,094
Juvenile Detention Center	37,685
Ditch Construction	155,121
Other Governmental Funds	1,479,049
	\$2,949,777

Note 15 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent a liability to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation, including pension and OPEB.

GASB Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than certified teachers, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343. (See the OPERS CAFR referenced above for additional information including requirements for reduced and unreduced benefits.)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Public Safety and Law Enforcement Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Public Safety and Law Enforcement Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for twelve months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2019 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

*** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

For 2019, the County's contractually required contribution was \$4,614,086 for the traditional plan, \$137,023 for the combined plan, and \$87,319 for the member-directed plan. Of these amounts, \$520,907 is reported as an intergovernmental payable for the traditional plan, \$15,176 for the combined plan, and \$8,224 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Teachers employed by the Board of Developmental Disabilities participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report may be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). Benefits are established by Ohio Revised Code Chapter 3307.

Note 15 - Defined Benefit Pension Plans (continued)

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the retirement board made the decision to reduce the cost of living adjustment (COLA) granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients base benefit and past COLA increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of qualifying service credit and age sixty-five or thirty-five years of service credit and at least age sixty. Eligibility changes for DBP members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age sixty or thirty years of service credit at any age.

The DCP allows members to place all their member contributions and 9.53 percent of the 14 percent employer contribution into an investment account. The member determines how to allocate the member and employer contributions among the various choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate is deposited into the member's DCP account and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DCP who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2019 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2019, the full employer contribution rate was allocated to pension.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

The County's contractually required contribution to STRS was \$40,116 for 2019. Of this amount, \$926 is reported as an intergovernmental payable.

Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability (asset) for OPERS was measured as of December 31, 2018, and the net pension liability for STRS was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.24113735%	0.20995425%	0.00286235%	
Prior Measurement Date	0.24392450%	0.21070735%	0.00329680%	
Change in Proportionate Share	0.00278715%	0.00075310%	0.00043445%	
Proportionate Share				
Net Pension Liability	\$66,042,633	\$0	\$632,990	\$66,675,623
Net Pension Asset	\$0	\$234,778	\$0	\$234,778
Pension Expense	\$13,297,540	\$64,231	(\$150,413)	\$13,211,358

Pension expense for the member-directed defined contribution plan was \$87,319 for 2019. The aggregate pension expense for all pension plans was \$13,298,677 for 2019.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	\$3,045	\$0	\$5,154	\$8,199
Changes of Assumptions	5,749,174	52,435	74,357	5,875,966
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,963,833	50,574	0	9,014,407
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	0	4,106	30,215	34,321
County Contributions Subsequent to the Measurement Date	4,614,086	137,023	16,288	4,767,397
Total Deferred Outflows of Resources	\$19,330,138	\$244,138	\$126,014	\$19,700,290
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	\$867,178	\$95,888	\$2,740	\$965,806
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	0	30,937	30,937
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	998,553	0	538,614	1,537,167
Total Deferred Inflows of Resources	\$1,865,731	\$95,888	\$572,291	\$2,533,910

\$4,767,397 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Year Ending December 31,				
2020	\$5,109,063	\$8,482	(\$173,592)	\$4,943,953
2021	2,740,838	(1,622)	(235,368)	2,503,848
2022	831,576	(554)	(40,462)	790,560
2023	4,168,844	15,279	(13,143)	4,170,980
2024	0	(5,510)	0	(5,510)
Thereafter	0	(4,848)	0	(4,848)
Total	\$12,850,321	\$11,227	(\$462,565)	\$12,398,983

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation reflecting experience study results prepared as of December 31, 2018, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	individual entry age	individual entry age

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

During 2018, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00 %	

Discount Rate - For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional and the combined plans. For 2017, the discount rate used to measure the total pension liability was 7.5 percent for the traditional and the combined plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for all three plans was applied to all periods of projected benefit payments to determine the total pension liability.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
County's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$97,564,172	\$66,042,633	\$39,847,947
OPERS Combined Plan	(\$77,683)	(\$234,778)	(\$348,524)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below.

Inflation	2.5 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost of Living Adjustments (COLA)	0 percent, effective July 1, 2017

Postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study effective for the period July 1, 2011, through June 30, 2016.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 15 - Defined Benefit Pension Plans (continued)

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows.

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
	100.00%	

* Target weights will be phased in over a 24 month period concluding on July 1, 2019.

** 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30 year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net Pension Liability	\$925,047	\$632,990	\$385,752

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans; the traditional plan, a cost-sharing multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit with a minimum age of sixty or generally thirty years of qualifying service at any age. 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 postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. (See the OPERS CAFR referenced below for additional information.)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Note 16 - Defined Benefit OPEB Plans (continued)

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by the OPERS actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contribution to health care for the traditional and combined pension plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2019.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$29,689 for 2019. Of this amount, \$3,290 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit health care plan for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2019, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liability (Asset), OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement system relative to the contributions of all participating entities.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

Following is information related to the proportionate share and OPEB expense.

	OPERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.23593620%	0.00286235%	
Prior Measurement Date	0.23867150%	0.00329680%	
Change in Proportionate Share	<u>0.00273530%</u>	<u>0.00043445%</u>	
Proportionate Share			
Net OPEB Liability	\$30,760,511	\$0	\$30,760,511
Net OPEB Asset	0	47,408	47,408
OPEB Expense	2,314,709	(18,002)	2,296,707

At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS	STRS	Total
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	\$10,417	\$4,298	\$14,715
Changes of Assumptions	991,755	996	992,751
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,410,188	0	1,410,188
County Contributions Subsequent to the Measurement Date	<u>29,689</u>	<u>0</u>	<u>29,689</u>
Total Deferred Outflows of Resources	<u>\$2,442,049</u>	<u>\$5,294</u>	<u>\$2,447,343</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$83,463	\$2,412	\$85,875
Changes of Assumptions	0	51,977	51,977
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	0	2,978	2,978
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	<u>641,614</u>	<u>17,553</u>	<u>659,167</u>
Total Deferred Inflows of Resources	<u>\$725,077</u>	<u>\$74,920</u>	<u>\$799,997</u>

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

\$29,689 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	OPERS	STRS	Total
Year Ending December 31,			
2020	\$599,141	(\$14,804)	\$584,337
2021	148,449	(14,804)	133,645
2022	229,285	(13,610)	215,675
2023	710,408	(13,192)	697,216
2024	0	(12,934)	(12,934)
Thereafter	0	(282)	(282)
Total	\$1,687,283	(\$69,626)	\$1,617,657

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10 percent initial
Prior Measurement Date	3.25 percent ultimate in 2029
Prior Measurement Date	7.25 percent initial
Prior Measurement Date	3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 6.5 percent to 6 percent. The change was effective beginning with the 2018 valuation.

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.6 percent for 2018.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2018 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2031 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.96 percent) or one percentage point higher (4.96 percent) than the current rate.

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's Proportionate Share of the Net OPEB Liability	\$39,354,158	\$30,760,511	\$23,926,290

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$29,567,525	\$30,760,511	\$32,134,510

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below.

Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 16 - Defined Benefit OPEB Plans (continued)

For healthy retirees, the mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter projected forward generationally using Mortality Improvement Scale MP-2016. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females projected forward generationally using Mortality Improvement Scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, there was no change to the claims cost process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net OPEB Asset	\$40,453	\$47,408	\$53,255
	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability Asset	\$53,758	\$47,408	\$39,630

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 17 - Compensated Absences

County employees earn vacation and sick leave at varying rates depending upon length of service and standard work week. All accumulated unused vacation leave is paid upon separation from the County for those employees with more than one year of service.

Sick leave is earned at varying rates depending on union or non-union status. 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.

Note 18 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2019, was as follows:

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities						
Special Assessment Notes from Direct Placement						
Ditch Improvement	2.275%	\$86,595	\$0	\$50,000	\$36,595	\$36,595
General Obligation Bonds from Direct Placement						
2013 Airport Improvement						
(Original Amount \$388,668)	2.29	145,753	0	48,583	97,170	48,583
Special Assessment Bonds with Government Commitment						
2005 Delmar/Glenn Sewer						
(Original Amount \$342,600)	3.0 - 5.0	138,700	0	21,400	117,300	20,300
2005 Trebor Drive Waterline						
(Original Amount \$11,000)	3.0 - 5.0	4,300	0	600	3,700	700
2005 Southwood Waterline						
(Original Amount \$71,000)	3.0 - 5.0	21,000	0	5,000	16,000	5,000
2005 Berryman Waterline						
(Original Amount \$133,000)	3.0 - 5.0	46,000	0	8,000	38,000	9,000
2005 Oakview Project						
(Original Amount \$805,000)	3.0 - 5.0	315,000	0	45,000	270,000	50,000
2006 Bond Premium						
		63,599	0	9,084	54,515	0
2013 Findlay Road Sewer Project						
(Original Amount \$1,165,000)	2.23	291,250	0	291,250	0	0
Total Special Assessment Bonds		879,849	0	380,334	499,515	85,000

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 - Long-Term Obligations (continued)

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities (continued)						
OPWC Loans from Direct Borrowings						
Phillips						
(Original Amount \$147,340)	0.00%	\$3,683	\$0	\$3,683	\$0	\$0
Second						
(Original Amount \$188,611)	0.00	51,869	0	9,430	42,439	0
Eastown 1						
(Original Amount \$995,670)	0.00	348,487	0	49,784	298,703	0
Eastown 2						
(Original Amount \$135,232)	0.00	54,092	0	6,762	47,330	0
Eastown 4						
(Original Amount \$684,638)	0.00	393,668	0	34,232	359,436	0
Road Resurfacing						
(Original Amount \$345,518)	0.00	181,396	0	17,276	164,120	0
Shawnee Road						
(Original Amount \$500,000)	0.00	450,000	0	20,000	430,000	0
Hume Road						
(Original Amount \$65,000)	0.00	58,500	0	2,600	55,900	0
Zurmehly Road Bridge						
(Original Amount \$190,192)	0.00	171,172	0	9,510	161,662	0
Kill Road Reconstruction						
(Original Amount \$45,375)	0.00	43,106	0	2,269	40,837	0
Total OPWC Loans		<u>1,755,973</u>	<u>0</u>	<u>155,546</u>	<u>1,600,427</u>	<u>0</u>
OWDA Loans from Direct Borrowings						
Lutz/Early						
(Original Amount \$718,512)	1.00	267,935	0	37,141	230,794	37,513
4 th /Bowman						
(Original Amount \$437,856)	0.00	153,251	0	21,893	131,358	21,893
Perry Schools Sewer						
(Original Amount \$482,944)	3.42	292,421	0	24,985	267,436	25,847
Findlay Rd						
(Original Amount \$429,009)	3.42	246,987	0	23,870	223,117	24,694
Westminister						
(Original Amount \$3,451,817)	0.00	2,108,522	0	168,682	1,939,840	168,682
Indian Village Mobile Home Park						
(Original Amount \$375,581)	3.74	320,942	0	14,973	305,969	15,538
Total OWDA Loans		<u>3,390,058</u>	<u>0</u>	<u>291,544</u>	<u>3,098,514</u>	<u>294,167</u>

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 - Long-Term Obligations (continued)

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Governmental Activities (continued)						
Net Pension Liability						
Ohio Public Employees Retirement System		\$36,466,222	\$26,468,520	\$0	\$62,934,742	\$0
State Teachers Retirement System		724,892	0	91,902	632,990	0
Total Net Pension Liability		<u>37,191,114</u>	<u>26,468,520</u>	<u>91,902</u>	<u>63,567,732</u>	<u>0</u>
Net OPEB Liability						
Ohio Public Employees Retirement System		24,698,299	4,614,659	0	29,312,958	0
Capital Loans Payable from Direct Borrowings		673,542	159,458	196,732	636,268	6,000
Capital Leases Payable		52,722	7,600,000	78,055	7,574,667	278,667
Compensated Absences Payable		3,127,057	336,250	335,807	3,127,500	1,569,262
Total Governmental Activities		<u>\$72,000,962</u>	<u>\$39,178,887</u>	<u>\$1,628,503</u>	<u>\$109,551,346</u>	<u>\$2,318,274</u>
<u>Business-Type Activity</u>						
OWDA Loans from Direct Borrowings						
American II						
(Original Amount \$9,311,017)	1.00%	\$4,887,512	\$0	\$467,106	\$4,420,406	\$471,788
Bath SSO						
(Original Amount \$636,518)	1.00	365,733	0	31,615	334,118	31,932
Woodbriar						
(Original Amount \$169,091)	1.00	17,678	0	17,678	0	0
Ottawa River Sewer Inceptor						
(Original Amount \$3,318,241)	3.65	2,831,591	0	133,068	2,698,523	137,969
Shawnee II WWTP, Pump Station						
(Original Amount \$15,589,221)	3.45-3.95	11,035,241	0	448,852	10,586,389	522,982
Total OWDA Loans		<u>19,137,755</u>	<u>0</u>	<u>1,098,319</u>	<u>18,039,436</u>	<u>1,164,671</u>
Net Pension Liability						
Ohio Public Employees Retirement System		1,800,803	1,307,088	0	3,107,891	0
Net OPEB Liability						
Ohio Public Employees Retirement System		1,219,669	227,884	0	1,447,553	0
Capital Leases Payable		113,766	0	56,102	57,664	57,664
Compensated Absences Payable		245,430	41,975	1,226	286,179	110,438
Total Business-Type Activities		<u>\$22,517,423</u>	<u>\$1,576,947</u>	<u>\$1,155,647</u>	<u>\$22,938,723</u>	<u>\$1,332,773</u>

Note 18 - Long-Term Obligations (continued)

Special Assessment Notes

In 2015, the County issued special assessment notes, in the amount of \$316,041, to retire notes previously issued and for additional resources for various ditch improvements. The notes have an interest rate of 2.275 percent and mature on September, 25, 2020. The notes will be repaid from the Ditch Construction capital projects fund. As of December 31, 2019, all of the proceeds had been spent.

General Obligation Bonds

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

Special Assessment Bonds

Special assessment bonds will be paid from the proceeds of the special assessments levied against those property owners who primarily benefited from the project. 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. Special assessment debt is supported by the full faith and credit of Allen County.

OPWC Loans

The OPWC loans from direct borrowings consist of monies owed to the Ohio Public Works Commission for various street, bridge, sewer, and water projects. The loans are interest free. OPWC loans will be repaid from the Motor Vehicle and Gasoline Tax special revenue fund.

In the event of a default, (1) OPWC may apply late fees of 8 percent per year, (2) loans more than sixty days late will be turned over to the Attorney General's office for collection and, as provided by law, OPWC may require that such payment be taken from the County's share of the County undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

OWDA Loans

The OWDA loans from direct borrowings consist of monies owed to the Ohio Water Development Authority for various projects. OWDA loans will be repaid from the Water Projects and Sewer Projects capital projects funds and the Sewer enterprise fund.

The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the County shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 - Long-Term Obligations (continued)

For OPWC and OWDA loans payable from governmental funds, the principal remaining to be paid on the OPWC loans is \$1,600,427, principal and interest remaining to be paid on the OWDA loans is \$3,098,514 and \$183,487, respectively. The OPWC loans are payable through 2041 and the OWDA loans are payable through 2034.

OWDA loans payable from the Sewer enterprise fund are payable solely from the gross revenues of the fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues. For OWDA loans principal and interest remaining to be paid on the loans is \$18,039,436 and \$4,325,816, respectively. Principal and interest paid in the Sewer enterprise fund for the current year were \$1,210,207 and \$584,639, respectively. Total net revenues for the Sewer enterprise fund were \$2,524,425. The OWDA loans are payable through 2039.

Capital Loans Payable

In 2018, the County obtained a loan from the United States Department of Agriculture, in the amount of \$833,000 for sewer improvements to Springbrook Estates. The loan will be retired from the net revenues of the Sewer enterprise fund.

In the event of a default, the County may be subject to a mandatory injunction raising utility rates in a reasonable amount, except as otherwise provided by law.

Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability; however, employer pension/OPEB contributions are paid from the General Fund, Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, Children's Services, Auditor/Recorder/Clerk Fees, 911 Systems, Dog and Kennel, Drug Law Enforcement, Child Support Enforcement Agency, Real Estate Assessment, DRETAC, Law Library, Felony Care and Subsidy, Adult Probation Grant, Emergency Management Agency, Ditch Maintenance, Mental/Drug/Reeny Payroll Subsidy, and Civic Center special revenue funds, and the Sewer enterprise fund.

Compensated Absences Payable

Compensated absences will be paid from the fund from which the employees' salaries are paid with the General Fund, Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, Children's Services, Auditor/Recorder/Clerk Fees, Dog and Kennel, Child Support Enforcement Agency, Real Estate Assessment, DRETAC, Law Library, Felony Care and Subsidy, Adult Probation Grant, Emergency Management Agency, Ditch Maintenance, Mental/Drug/Reeny Payroll Subsidy, Prosecutor, and Civic Center special revenue funds, and the Sewer enterprise fund.

The County's legal debt margin was \$47,476,217 and an unvoted debt margin of \$17,862,514.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 - Long-Term Obligations (continued)

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

Year	General Obligation Bonds From Direct Placement		Special Assessment Bonds		OPWC Loans From Direct Borrowings
	Principal	Interest	Principal	Interest	Principal
2020	\$48,583	\$2,256	\$85,000	\$19,550	\$0
2021	48,587	1,128	90,000	15,300	227,794
2022	0	0	95,000	11,475	151,862
2023	0	0	90,000	7,438	151,863
2024	0	0	85,000	3,612	151,864
2025-2029	0	0	0	0	521,009
2030-2034	0	0	0	0	206,125
2035-2039	0	0	0	0	144,710
2040-2041	0	0	0	0	45,200
	<u>\$97,170</u>	<u>\$3,384</u>	<u>\$445,000</u>	<u>\$57,375</u>	<u>\$1,600,427</u>

Year	OWDA Loans From Direct Borrowings		Capital Loans From Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$294,167	\$29,862	\$6,000	\$8,749
2021	296,871	27,156	12,400	17,247
2022	299,663	24,365	12,700	16,905
2023	302,545	21,483	13,100	16,553
2024	305,516	18,511	13,500	16,190
2025-2029	1,225,373	49,282	72,900	75,158
2030-2034	374,379	12,828	83,700	64,482
2035-2039	0	0	95,800	52,240
2040-2044	0	0	110,000	38,211
2045-2049	0	0	125,900	22,125
2050-2053	0	0	90,268	4,674
	<u>\$3,098,514</u>	<u>\$183,487</u>	<u>\$636,268</u>	<u>\$332,534</u>

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 18 - Long-Term Obligations (continued)

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

Year	OWDA Loans From Direct Borrowings	
	Principal	Interest
2020	\$1,164,671	\$514,214
2021	1,193,492	485,394
2022	1,223,218	455,667
2023	1,253,885	425,001
2024	1,285,522	393,364
2025-2029	6,422,515	1,457,098
2030-2034	5,057,091	587,291
2035-2039	439,042	7,787
	\$18,039,436	\$4,325,816

Conduit Debt

In 2008, the County issued health care facilities revenue bonds, in the amount of \$300,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2019, \$300,000,000 was still outstanding.

In, 2010, the County issued health care facilities revenue bonds, in the amount of \$152,315,000, \$334,015,000, \$100,000,000, and \$95,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2019, \$152,315,000, \$144,005,000, \$88,700,000, and \$83,700,000, respectively, was still outstanding.

In, 2012, the County issued health care facilities revenue bonds, in the amount of \$100,000,000 and \$273,620,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2019, \$100,000,000 and \$266,010,000, respectively, was still outstanding.

In 2015, the County issued health care facilities revenue bonds, in the amount of \$159,205,000 and \$100,000,000. These bonds were issued to provide financial assistance to Mercy Health with construction and refunding of debt. As of December 31, 2019, \$159,205,000 and \$100,000,000, respectively, was still outstanding.

The County is not obligated in any way to pay the debt and related charges on these revenue bonds from any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 19 - Capital Leases

The County has entered into capitalized leases for buildings and machinery and equipment. New capital leases are reflected in the account “Human Services” and “Inception of Capital Lease” in the funds which will be making the lease payments. 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 fund. Principal payments in 2019 were \$78,055 for governmental funds and \$56,102 for the enterprise fund.

	Governmental Activities	Business-Type Activity
Building	\$7,600,000	\$0
Equipment	0	280,717
Less Accumulated Depreciation	(217,143)	(87,724)
Carrying Value, December 31, 2019	\$7,382,857	\$192,993

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, 2019.

	Governmental		
	Activities	Business Type Activity	
Year	Principal	Principal	Interest
2020	\$278,667	\$57,664	\$1,607
2021	304,000	0	0
2022	304,000	0	0
2023	304,000	0	0
2024	304,000	0	0
2025-2029	1,520,000	0	0
2030-2034	1,520,000	0	0
2035-2039	1,520,000	0	0
2040-2044	1,520,000	0	0
	\$7,574,667	\$57,664	\$1,607

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 20 - Interfund Transfers

During 2019, the General Fund made transfers to the Job and Family Services special revenue fund and to other governmental funds, in the amount of \$368,905 and \$254,907, respectively, to subsidize operations in those funds. The Motor Vehicle and Gasoline Tax special revenue fund made transfers to other governmental funds, in the amount of \$62,256, for road construction activities. The Ditch Construction capital projects fund made transfers to other governmental funds, in the amount of \$108,903 for ditch maintenance. Other governmental funds made transfers of \$1,157,716; \$1,083,618 to the Juvenile Detention Center capital projects fund to make debt payments when due, \$1,098 to other governmental funds to subsidize operations in those funds, and \$73,000 to the Sewer enterprise fund for construction activities. The Sewer enterprise fund made transfers to the other governmental funds, in the amount of \$663,181; \$407,715 to make debt payments when due and \$255,466 for construction activities.

Note 21 - Fund Balance

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Nonspendable for:				
Interfund Loans	\$4,909,199	\$0	\$0	\$0
Prepaid Items	277,425	24,390	44,608	49,403
Materials and Supplies				
Inventory	45,854	453,573	14,695	69,009
Unclaimed Monies	206,980	0	0	0
Total Nonspendable	5,439,458	477,963	59,303	118,412
Restricted for:				
Developmental Disabilities				
Operations	0	0	0	11,803,491
Job and Family Services				
Operations	0	0	869,890	0
Road and Bridge Repair/ Improvement	0	2,144,495	0	0
Total Restricted	0	2,144,495	869,890	11,803,491

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 21 - Fund Balance (continued)

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Assigned for:				
Airport	\$1,009	\$0	\$0	\$0
Clerk of Courts	512,723	0	0	0
Drug Court	13,643	0	0	0
Economic Development	193,180	0	0	0
Projected Budget Shortage	3,283,244	0	0	0
Recorder Equipment	26,263	0	0	0
Title Administration	1,559,280	0	0	0
Unpaid Obligations	32,445	0	0	0
Total Assigned	<u>5,621,787</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	3,923,675	0	0	0
Total Fund Balance	<u>\$14,984,920</u>	<u>\$2,622,458</u>	<u>\$929,193</u>	<u>\$11,921,903</u>

Fund Balance	Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental Funds
Nonspendable for:				
Prepaid Items	\$27,481	\$0	\$0	\$44,722
Materials and Supplies Inventory	4,613	0	0	0
Total Nonspendable	<u>32,094</u>	<u>0</u>	<u>0</u>	<u>44,722</u>
Restricted for:				
Board of Elections	0	0	0	36,408
Child Support Enforcement	0	0	0	525,195
Children Services	2,771,046	0	0	0
Civic Center	0	0	0	826,354
Court Operations	0	0	0	1,876,420
Crime Victim Assistance	0	0	0	836
Debt Retirement	0	0	0	2,558,883
Delinquent Tax Collections	0	0	0	79,343
Ditch Maintenance	0	0	0	1,580,646
Dog and Kennel Operations	0	0	0	566,841
Economic Development and Rehabilitation	0	0	0	1,977,314
Emergency Management Agency	0	0	0	53,490
Family Counseling	0	0	0	6,106
Foreign Trade Zone	0	0	0	3,258
Law Library Operations	0	0	0	376,669

(continued)

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 21 - Fund Balance (continued)

Fund Balance	Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental Funds
Restricted for (continued):				
Permanent Improvements	\$0	\$0	\$0	\$3,055,928
Real Estate Assessments	0	0	0	2,720,485
Scholarships	0	0	0	49,449
Sheriff Operations	0	0	0	725,540
Tax Abatement	0	0	0	16,328
Total Restricted	<u>2,771,046</u>	<u>0</u>	<u>0</u>	<u>17,035,493</u>
Assigned for:				
Permanent Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,813</u>
Unassigned (Deficit)	<u>0</u>	<u>(3,411,305)</u>	<u>(1,508,963)</u>	<u>(496,080)</u>
Total Fund Balance (Deficit)	<u>\$2,803,140</u>	<u>(\$3,411,305)</u>	<u>(\$1,508,963)</u>	<u>\$16,588,948</u>

The County has established a General Fund budget stabilization arrangement by resolution pursuant to Ohio Revised Code Section 5705.13 to stabilize against cyclical changes in revenues. The stabilization arrangement does not meet the criteria to be classified as restricted or committed. The County did not identify any requirements for additions to the stabilization amount or conditions under which amounts can be spent other than upon approval by the County Commissioners. The balance in the reserve at December 31, 2019, was \$1,866,980.

Note 22 - Joint Ventures

A. Lima-Allen County Downtown Construction

The County and the City of Lima 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 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 County and the City share equally the net revenue/(loss) derived from the garage. The joint venture has not accumulated significant financial resources nor is the joint venture experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. Financial information may be obtained from the Allen County Commissioners, Allen County, Ohio.

The City of Lima has agreed to enter into a long-term lease agreement with the County offering the County a one-half ownership interest in the parking garage, which will be operated and maintained by the Lima-Allen County Joint Parking Commission, in accordance with the rules and regulations established for the Joint Parking Commission (see Note 23). As of December 31, 2019, this lease has not been executed.

Note 22 - Joint Ventures (continued)

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 provides 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 consists of sixteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are 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 of each county's population to the total combined population. The degree of control exercised by any participating County 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 because its existence is dependent on the continued participation of the County.

Allen County serves as fiscal agent. The Board receives tax revenue from the three counties and receives federal and state funding through grants which are applied for and received by the Board. The Board is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on the County in the future. Financial information may be obtained from the Allen County Commissioners, Allen County, Ohio.

Note 23 - Jointly Governed Organizations

A. Lima-Allen County Regional Planning Commission

The Lima-Allen County Regional Planning Commission is a jointly governed organization established under Section 713.21 of the Ohio Revised Code. The Commission consists of six delegates and six alternates appointed by the Allen County Commissioners, one delegate and one alternate for each five thousand persons determined by the last federal decennial census from each municipal corporation and each of the townships participating in the Commission; provided that no cooperating municipality or township has less than one delegate and one alternate to the Commission. Each participating municipality and township contributes to the operation of the Commission based on a per capita charge.

Duties of the Commission include making studies, maps, plans, and other reports of the County and adjoining areas, 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 2019, the County did not pay any membership fees. Financial information may be obtained from the Lima-Allen County Regional Planning Commission, 130 West North Street, Lima, Ohio 45801.

Note 23 - Jointly Governed Organizations (continued)

B. North Central Ohio Solid Waste District

Allen County participates in a multi-county Solid Waste 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 population compared to the total of all participating counties' populations.

Allen County, the largest of the six counties, initially contributed 33 percent of the total funds contributed. 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. The County does not contribute to the Joint Solid Waste District nor does it anticipate doing so in the future. Allen County serves as fiscal agent. Financial information may 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 Facilities Governing Board comprised of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Shelby, and Van Wert Counties. The WORTH Center is operated for men from the nine 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 WORTH Center is located in Allen County and the County serves as the fiscal agent.

A Facilities Governing Board oversees the facility's operations. Common pleas judges from the counties the facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facilities Governing Board and advises the Board regarding facility matters. The Board includes at least one common pleas court judge from each county the facility serves. 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 reverts to the County's ownership after twenty years from the start of the WORTH Center project. The County does not contribute to the operations of the WORTH Center nor does it anticipate doing so in the future. Financial information may 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 is responsible for developing and implementing a joint city-county parking system for the Central Business District in Lima and has management control over the downtown parking garage and various downtown surface lots. 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.

Note 24 - Insurance Pools

A. County Risk Sharing Authority, Inc.

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

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

B. County 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 costs 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 the 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 County Commissioners Association of Ohio and another is required to be a board member of the County Risk Sharing Authority, Inc.

Note 25 - Related Organizations

A. Port Authority of Allen County

The Port Authority of Allen County was created pursuant to Sections 4582.202 through 4582.58 of the Ohio Revised Code to promote 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 and development enterprises; to purchase, subdivide, sell, and lease real property in Allen County and erect or repair any building or improvement for the use of any manufacturing, commerce, distribution, or research and development enterprise in Allen County. The Port Authority Board of Directors consists of seven members who are appointed by the Allen County Commissioners. The Port Authority serves as custodian of its own funds and maintains all records and accounts independent of Allen County. Financial information can be obtained from the Port Authority of Allen County, 144 South Main Street, Suite 200, Lima, Ohio 45801.

Note 25 - Related Organizations (continued)

B. Allen County Regional Airport Authority

The Allen County Airport Authority was created by resolution of the County Commissioners under the authority of Chapter 308 of the Ohio Revised Code. The Airport Authority is governed by a seven member board of trustees appointed by the County Commissioners. The Board of Trustees has the authority to exercise all of the powers and privileges provided under the law. These powers include the ability to sue or be sued in its corporate name; the power to establish and collect rates, rentals, and other charges; the authority to acquire, construct, operate, manage, and maintain airport facilities; the authority to buy and sell real and personal property; and the authority to issue debt for acquiring or constructing any facility or permanent improvement. The Airport Authority serves as custodian of its own funds and maintains all records and accounts independent of Allen County.

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2019, this allocation was \$61,784.

Note 26 - LODDI

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 position. 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 December 31, 2019, the carrying amount of deposits was \$89,744. These amounts are classified as “Cash and Cash Equivalents in Segregated Accounts” on the statement of net position. Investments are classified as “Investments in Segregated Accounts” on the statement of net position and consisted of exchange traded products, in the amount of \$50,100 and mutual funds, in the amount of \$10,492. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

C. Capital Assets

LODDI had capital assets of land and buildings, in the amount of \$136,548 and \$1,761,290, respectively, as of December 31, 2019. Accumulated depreciation was \$543,944, with a net capital asset amount of \$1,353,894. Depreciation is computed using the straight-line method over a useful life of forty years.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 26 - LODDI (continued)

D. Long-Term Obligations

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Mortgage Notes Payable	5.625%	\$0	\$73,316	\$0	\$73,316	\$3,414

Note 27 - Allen County Land Reutilization Corporation

A. Summary of Significant Accounting Policies

Reporting Entity

The Allen County Land Reutilization Corporation (Land Bank) 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 Land Bank 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 position. The Land Bank 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 December 31, 2019, the carrying amount of deposits was \$405,969. These amounts are classified as “Cash and Cash Equivalents in Segregated Accounts” on the statement of net position. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

C. Property Held for Resale

Property held for resale is recorded at cost, which totaled \$3,019,531 as of December 31, 2019. The property held is mostly vacant and abandoned properties in primarily distressed neighborhoods. All significant costs incurred to acquire and improve or rehabilitate the property are recorded as “Property Held for Resale” on the statement of net position. Reimbursements for these costs are reported as part of the property sale revenue when sold.

Lots are often held in depressed areas and obtaining appraisals is not reasonably possible. Consequently, lots are carried at cost and no current charge is posted as an expense, which is a departure from GAAP. The impact on earnings and equity would equal a difference between lot costs and what they could be sold for modified for an estimated impact of probable donation. This difference could not be reasonably determined.

Allen County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 27 - Allen County Land Reutilization Corporation (continued)

D. Short-Term Obligations

	Interest Rate	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019
D'Arcy Fund, Inc. Loan Payable	5%	\$104,597	\$0	\$104,597	\$0
Superior Credit Union Line of Credit	variable	487,732	0	487,732	0
		<u>\$592,329</u>	<u>\$0</u>	<u>\$592,329</u>	<u>\$0</u>

Note 28 - Contingent Liabilities

A. Litigation

The County is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The County management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the County.

B. Federal and State Grants

For the period January 1, 2019, to December 31, 2019, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such 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 believes such disallowances, if any, would be immaterial.

Note 29 - Subsequent Events

On March 20, 2020, the County issued general obligation bonds, in the amount of \$1,041,982 for drainage improvements at the O.B. Frails Subdivision. The bonds have an interest rate of 2.5 percent with final maturity on March 1, 2025.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods for the County. The County's investment portfolio and the investments of the pension and other employee benefit plans in which the County participates have incurred a significant decline in fair value consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the County's future operating costs, revenues, and the amount of any recovery from emergency funding, either federal or state, cannot be estimated.

This page intentionally left blank.

Allen County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Six Years (1)

	2019	2018	2017	2016
County's Proportion of the Net Pension Liability	0.24113735%	0.24392450%	0.25652166%	0.26640800%
County's Proportionate Share of the Net Pension Liability	\$66,042,633	\$38,267,025	\$58,180,708	\$46,145,222
County's Covered Payroll	\$31,580,022	\$31,488,073	\$31,433,836	\$33,225,588
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	209.13%	121.53%	185.09%	138.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

2015	2014
0.27637600%	0.27637600%
\$33,334,034	\$32,581,130
\$32,790,592	\$37,870,469
101.66%	86.03%
86.45%	86.36%

This Page Intentionally Left Blank

Allen County
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Asset
 Ohio Public Employees Retirement System - Combined Plan
 Last Two Years (1)

	2019	2018
County's Proportion of the Net Pension Asset	0.20995425%	0.21070735%
County's Proportionate Share of the Net Pension Asset	\$234,778	\$286,843
County's Covered Payroll	\$893,036	\$873,108
County's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	26.29%	32.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the County's participation in this plan was considered immaterial in previous years.

Amounts presented as of the County's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

Allen County
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Seven Years (1)

	2019	2018	2017	2016
County's Proportion of the Net Pension Liability	0.00286235%	0.00329680%	0.00380363%	0.00732584%
County's Proportionate Share of the Net Pension Liability	\$632,990	\$724,892	\$903,561	\$2,452,182
County's Covered Payroll	\$336,050	\$374,793	\$418,164	\$770,821
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.36%	193.41%	216.08%	318.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

Amounts presented for each fiscal year were determined as of June 30th.

See Accompanying Notes to the Required Supplementary Information

2015	2014	2013
0.00678598%	0.00727737%	0.00727737%
\$1,875,444	\$1,770,107	\$2,108,541
\$708,007	\$800,746	\$780,192
264.89%	221.06%	270.26%
72.10%	74.70%	69.30%

Allen County
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net OPEB Liability
 Ohio Public Employees Retirement System
 Last Three Years (1)

	2019	2018	2017
County's Proportion of the Net OPEB Liability	0.23593620%	0.23867150%	0.25107700%
County's Proportionate Share of the Net OPEB Liability	\$30,760,511	\$25,917,968	\$25,359,630
County's Covered Payroll	\$33,237,483	\$33,131,281	\$33,050,769
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	92.55%	78.23%	76.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

Allen County
 Required Supplementary Information
 Schedule of the County's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1)

	2019	2018	2017
County's Proportion of the Net OPEB Liability (Asset)	0.00286235%	0.00329680%	0.00380363%
County's Proportionate Share of the Net OPEB Liability (Asset)	(\$47,408)	(\$52,977)	\$148,404
County's Covered Payroll	\$374,793	\$418,164	\$770,821
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-12.65%	-12.67%	19.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the County's measurement date which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

Allen County
Required Supplementary Information
Schedule of the County's Contributions
Ohio Public Employees Retirement System
Last Seven Years (1) (2)

	2019	2018	2017	2016
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$4,614,086	\$4,560,770	\$4,226,933	\$3,907,021
Contributions in Relation to the Contractually Required Contribution	<u>(4,614,086)</u>	<u>(4,560,770)</u>	<u>(4,226,933)</u>	<u>(3,907,021)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$31,883,423	\$31,580,022	\$31,488,073	\$31,433,836
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.42%</u>	<u>12.43%</u>
Net Pension Asset - Combined Plan				
Contractually Required Contribution	\$137,023	\$125,025	\$113,504	\$101,842
Contributions in Relation to the Contractually Required Contribution	<u>(137,023)</u>	<u>(125,025)</u>	<u>(113,504)</u>	<u>(101,842)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$978,736	\$893,036	\$873,108	\$848,683
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	\$29,689	\$30,577	\$355,423	\$676,381
Contributions in Relation to the Contractually Required Contribution	<u>(29,689)</u>	<u>(30,577)</u>	<u>(355,423)</u>	<u>(676,381)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll (3)	\$33,604,384	\$33,237,483	\$33,131,281	\$33,050,769
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>1.02%</u>	<u>2.04%</u>

(1) Information prior to 2013 is not available.

(2) Beginning in 2016, OPERs used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$4,122,098	\$4,073,325	\$5,063,631
<u>(4,122,098)</u>	<u>(4,073,325)</u>	<u>(5,063,631)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$33,225,588	\$32,790,592	\$37,870,469
<u>12.41%</u>	<u>12.42%</u>	<u>13.37%</u>
\$106,915	\$92,896	\$90,497
<u>(106,915)</u>	<u>(92,896)</u>	<u>(90,497)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$890,958	\$774,133	\$696,131
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

Allen County
Required Supplementary Information
Schedule of the County's Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	\$40,116	\$48,994	\$22,603	\$73,323
Contributions in Relation to the Contractually Required Contribution	<u>(40,116)</u>	<u>(48,994)</u>	<u>(22,603)</u>	<u>(73,323)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$286,543	\$349,957	\$161,450	\$523,736
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) The County's covered payroll is the same for the pension and OPEB.

See Accompanying Notes to the Required Supplementary Information

2015	2014	2013	2012	2011	2010
\$77,672	\$73,514	\$99,683	\$103,166	\$111,869	\$129,462
<u>(77,672)</u>	<u>(73,514)</u>	<u>(99,683)</u>	<u>(103,166)</u>	<u>(111,869)</u>	<u>(129,462)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$554,800	\$565,490	\$766,792	\$793,585	\$860,531	\$995,862
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$5,665	\$7,668	\$7,936	\$8,605	\$9,959
<u>0</u>	<u>(5,665)</u>	<u>(7,668)</u>	<u>(7,936)</u>	<u>(8,605)</u>	<u>(9,959)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

This page intentionally left blank.

Allen County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

Changes in Assumptions - OPERS Pension

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and in 2016 and prior are presented below.

	<u>2019</u>	<u>2017</u>	<u>2016 and Prior</u>
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
Pre-January 7, 2013	3 percent simple	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 Mortality Improvement Scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 Mortality Table with no projections. For males, 120 percent of the disabled female mortality rates were used, set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Allen County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

Changes in Assumptions - STRS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

	2017	2016 and Prior
Inflation	2.5 percent	2.75 percent
Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning in 2017, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter projected forward generationally using Mortality Improvement Scale MP-2016. Preretirement mortality rates were based on RP-2014 Employee Mortality Table projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females projected forward generationally using Mortality Improvement Scale MP-2016.

For the 2016 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Changes in Assumptions - OPERS OPEB

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent initial, 3.25 percent ultimate in 2029. For 2018, the health care cost trend rate was 7.25 percent initial, 3.25 percent ultimate in 2028.

Allen County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

Changes in Assumptions - STRS OPEB

For 2018, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms - STRS OPEB

For 2019, there was no change to the claims cost process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

This page intentionally left blank.

Allen County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/ Pass Through Grantor/ Program/Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through the Ohio Department of Job and Family Services:</i>					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-11-5705/G-2021-11-5892	10.561	\$0	\$730,079	\$0
Total SNAP Cluster			0	730,079	0
<i>Passed through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
School Breakfast Program					
Marimor School	N/A	10.553	0	4,548	0
National School Lunch Program					
Marimor School	N/A	10.555	0	7,789	2,001
Total Child Nutrition Cluster			0	12,337	2,001
Direct Program					
Water and Waste Disposal Systems for Rural Communities - Loan	N/A	10.760	0	170,294	0
Water and Waste Disposal Systems for Rural Communities - Grant	N/A	10.760	0	83,876	0
Total Water and Waste Disposal Systems for Rural Communities			0	254,170	0
Total U.S. Department of Agriculture			0	996,586	2,001
U.S. Department of Housing and Urban Development					
<i>Passed through the Ohio Development Services Agency, Office of Community Development:</i>					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii					
Formula Allocation Program	B-F-18-1AB-1	14.228	0	13,500	0
CDBG Revolving Loans	N/A	14.228	0	8,818	0
Total Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii			0	22,318	0
Total U.S. Department of Housing and Urban Development			0	22,318	0
U.S. Department of Labor					
<i>Passed through the Area 7 Workforce Development Board:</i>					
WIOA National Dislocated Worker Grants/WIA National Emergency Grants					
	2018-7102-1	17.277	0	19,664	0
Employment Service Cluster:					
Employment Service/Wagner-Peyser Funded Activities	2018-7102-1	17.207	0	22,517	0
Total Employment Service Cluster				22,517	
Trade Adjustment Assistance	2018-7102-1	17.245	0	3,671	0
WIOA Cluster					
WIOA Adult Program	2018-7102-1	17.258	0	302,899	0
WIOA Youth Activities	2018-7102-1	17.259	0	407,995	0
WIOA Dislocated Worker Formula Grants	2018-7102-1	17.278	0	360,512	0
Total WIOA Cluster			0	1,071,406	0
Total U.S. Department of Labor			0	1,117,258	0
U.S. Department of Transportation					
<i>Passed through the Ohio Department of Transportation:</i>					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	PID #107925	20.205	0	19,980	0
Total Highway Planning and Construction Cluster			0	19,980	0
Highway Safety Cluster:					
State and Community Highway Safety	STEP-2019-2-00-00-00001-00	20.600	0	14,878	0
State and Community Highway Safety	STEP-2020-2-00-00-00001-00	20.600	0	4,136	0
Total Highway Safety Cluster			0	19,014	0
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2019-2-00-00-00001-00	20.608	0	11,037	0
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2020-2-00-00-00001-00	20.608	0	9,431	0
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			0	20,468	0
Total U.S. Department of Transportation			0	59,462	0
U.S. Department of Education					
<i>Passed through the Ohio Department of Education:</i>					
Special Education Cluster (IDEA):					
Special Education Grants to States	N/A	84.027	0	22,647	0
Total Special Education Cluster (IDEA)			0	22,647	0
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Special Education - Grants for Infants and Families	H181A170024				
Total U.S. Department of Education	H181A180024	84.181	0	201,831	0
Total U.S. Department of Education			0	224,478	0
U.S. Election Assistance Commission					
<i>Passed through the Ohio Secretary of State:</i>					
2018 HAVA Election Security Grants	N/A	90.404	0	14,045	0
Total U.S. Election Assistance Commission			0	14,045	0

(continued)

Allen County, Ohio
Schedule of Expenditures of Federal Awards (continued)
For the Year Ended December 31, 2019

Federal Grantor/ Pass Through Grantor/ Program/Cluster Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures	Non-Cash Expenditures
U.S. Department of Health and Human Services					
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Social Services Block Grant	1901OHSOSR	93.667	\$0	\$68,829	\$0
<i>Passed through the Ohio Department of Job and Family Services:</i>					
Social Services Block Grant	G-1819-11-5705/G-2021-11-5892	93.667	0	483,800	0
Total Social Services Block Grant			<u>0</u>	<u>552,629</u>	<u>0</u>
<i>Passed through the Ohio Department of Job and Family Services:</i>					
MaryLee Allen Promoting Safe and Stable Families Program	G-1819-11-5707/G-2021-11-5894	93.556	0	56,326	0
MaryLee Allen Promoting Safe and Stable Families Program	5AU-19-C0002/5AU-20-C002-2	93.556	0	43,335	0
Total MaryLee Allen Promoting Safe and Stable Families Program			<u>0</u>	<u>99,661</u>	<u>0</u>
Child Support Enforcement	G-1819-11-5706/G-2021-11-5893	93.563	0	1,311,878	0
Stephanie Tubbs Jones Child Welfare Service Program	G-1819-11-5707/G-2021-11-5894	93.645	0	156,564	0
Stephanie Tubbs Jones Child Welfare Service Program	5AU-19-C0002/5AU-20-C002-2	93.645	0	5,356	0
Total Stephanie Tubbs Jones Child Welfare Service Program			<u>0</u>	<u>161,920</u>	<u>0</u>
Foster Care Title IV-E	G-1819-11-5707/G-2021-11-5894	93.658	0	1,165,861	0
Adoption Assistance	G-1819-11-5707/G-2021-11-5894	93.659	0	799,924	0
John H. Chafee Foster Care Program for Successful Transition to Adult	G-1819-11-5707/G-2021-11-5894	93.674	0	28,939	0
Children's Health Insurance Program	G-1819-11-5705/G-2021-11-5892	93.767	0	646,760	0
CCDF Cluster:					
Child Care and Development Block Grant	G-1819-11-5705/G-2021-11-5892	93.575	0	101,927	0
Total CCDF Cluster			<u>0</u>	<u>101,927</u>	<u>0</u>
TANF Cluster:					
Temporary Assistance for Needy Families	G-1819-11-5705/G-2021-11-5892	93.558	18,175	3,379,643	0
Temporary Assistance for Needy Families	G-1819-11-5707/G-2021-11-5894	93.558	0	13,908	0
Total TANF Cluster			<u>18,175</u>	<u>3,393,551</u>	<u>0</u>
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Medicaid Cluster:					
Medical Assistance Program	1905OH5ADM/2005OH5ADM	93.778	0	466,474	0
<i>Passed through the Ohio Department of Job and Family Services:</i>					
Medical Assistance Program	G-1819-11-5705/G-2021-11-5892	93.778	0	728,486	0
Medical Assistance Program	G-1819-11-5707/G-2021-11-5894	93.778	0	2,638	0
Total Medicaid Cluster			<u>0</u>	<u>1,197,598</u>	<u>0</u>
Total U.S. Department of Health and Human Services			18,175	9,460,648	0
U.S. Department of Justice					
<i>Passed through the Ohio Department of Public Safety:</i>					
Edward Byrne Memorial Justice Assistance Grant Program	2018-JG-A01-6409	16.738	0	29,236	0
Total U.S. Department of Justice			0	29,236	0
U.S. Department of Homeland Security					
<i>Passed through the Ohio Department of Public Safety:</i>					
Homeland Security Grant Program	EMW-2016-SS-00104-S01	97.067	0	210,153	0
Homeland Security Grant Program	EMW-2017-SS-00065-S01	97.067	0	128,315	0
Homeland Security Grant Program	EMW-2018-SS-00038-S01	97.067	0	212,609	0
Total Homeland Security Grant Program			<u>0</u>	<u>551,077</u>	<u>0</u>
Emergency Management Performance Grants:					
Emergency Management Performance Grants	EMC-2018-EP-00008-S01	97.042	0	31,337	0
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	0	42,182	0
Total Emergency Management Performance Grants			<u>0</u>	<u>73,519</u>	<u>0</u>
Total U.S. Department of Homeland Security			0	624,596	0
Total Federal Expenditures			18,175	12,548,627	2,001

N/A - pass through entity number not available

See accompanying notes to the schedule of expenditures of federal awards.

ALLEN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Allen County (the County) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, with exception for expenditures passed through the Area 7 Workforce Development Board, which are reported on the accrual basis of accounting in accordance with U.S. Department of Labor. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

The County has a revolving loan fund (RLF) program to provide low-interest loans to business to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the County passed through the Ohio Development Services Agency, Office of Community Development. The Schedule reports loan made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans. These loans are collateralized by second position mortgages on the land and building on behalf of the County for HUD.

NOTE 4 – CHILD NUTRITION CLUSTER – MARIMOR SCHOOL

The County commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the County assumes it expends federal monies first.

NOTE 5 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2019 is \$585,553.

NOTE 6 – MATCHING REQUIREMENTS

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

ALLEN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

NOTE 7 - SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE 8 – FOOD DONATION PROGRAM

The County reports commodities consumed on the Schedule at the fair value. The County allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE 9 – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities received a notice of liability owed for the 2015 Cost Report to the Ohio Department of Developmental Disabilities and received a Cost Report settlement payment for the 2016 Cost Report from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amounts of \$4,945 and \$17,950, respectively. The Cost Report Settlement liability/payment was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The liability/revenue is not listed on the County's Schedule of Federal Awards Expenditures since the liability was invoiced by the Ohio Department of Developmental Disabilities and the underlying expenses occurred in the prior reporting periods.

NOTE 10 – TRANSFER BETWEEN FEDERAL PROGRAMS

During 2019, the County made allowable transfers of \$200,000 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2019 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$3,593,551
Social Services Block Grant	<u>(200,000)</u>
Total Temporary Assistance for Needy Families	<u>\$3,393,551</u>

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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

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 aggregate 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, 2019, 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 18, 2020, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. Our report refers to other auditors who audited the financial statements of the component unit, LODDI, Inc., as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of LODDI, Inc. 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2020

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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) *Compliance Supplement* that could directly and materially affect each of Allen County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 each of 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, 2019.

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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 18, 2020

ALLEN COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Foster Care Title IV-E (CFDA #93.658) Adoption Assistance (CFDA #93.659) TANF Cluster (CFDA #93.558) Medicaid Cluster (CFDA # 93.778)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/29/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov