



OHIO AUDITOR OF STATE  
**KEITH FABER**





**ALLEN COUNTY  
DECEMBER 31, 2020**

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# 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, 2020, 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, 30 percent, and 52 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 amount 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.

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### **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, as of December 31, 2020, 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 29 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 24, 2021, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 24, 2021

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Allen County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
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, 2020. 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 increased 11 percent; 17 percent increase for governmental activities and 2 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 Ditch Construction capital projects fund, 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 2020. 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.

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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 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.

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Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2020 and 2019.

Table 1  
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and Other Assets	\$84,915,332	\$73,302,056	\$8,850,505	\$7,979,142	\$93,765,837	\$81,281,198
Net Pension Asset	431,502	223,729	21,575	11,049	453,077	234,778
Net OPEB Asset	31,593	47,408	0	0	31,593	47,408
Capital Assets, Net	79,302,764	79,784,665	44,681,859	45,564,021	123,984,623	125,348,686
Total Assets	164,681,191	153,357,858	53,553,939	53,554,212	218,235,130	206,912,070
<u>Deferred Outflows of Resources</u>						
Pension	7,168,499	18,779,200	355,470	921,090	7,523,969	19,700,290
OPEB	4,760,298	2,332,423	237,832	114,920	4,998,130	2,447,343
Total Deferred Outflow of Resources	11,928,797	21,111,623	593,302	1,036,010	12,522,099	22,147,633
<u>Liabilities</u>						
Current and Other Liabilities	3,568,376	3,255,800	227,757	173,598	3,796,133	3,429,398
Long-Term Liabilities						
Pension	44,022,867	63,567,732	2,179,399	3,107,891	46,202,266	66,675,623
OPEB	29,840,075	29,312,958	1,492,002	1,447,553	31,332,077	30,760,511
Other Amounts	16,052,558	16,670,656	17,457,360	18,383,279	33,509,918	35,053,935
Total Liabilities	93,483,876	112,807,146	21,356,518	23,112,321	114,840,394	135,919,467
<u>Deferred Inflows of Resources</u>						
Pension	11,248,542	2,448,673	520,070	85,237	11,768,612	2,533,910
OPEB	5,098,356	770,775	241,305	29,222	5,339,661	799,997
Other Amounts	11,979,068	11,684,253	0	0	11,979,068	11,684,253
Total Deferred Inflows of Resources	28,325,966	14,903,701	761,375	114,459	29,087,341	15,018,160
<u>Net Position</u>						
Net Investment in Capital Assets	66,706,439	66,331,569	27,447,832	27,466,921	94,154,271	93,798,490
Restricted	42,756,798	41,619,013	0	0	42,756,798	41,619,013
Unrestricted (Deficit)	(54,663,091)	(61,191,948)	4,581,516	3,896,521	(50,081,575)	(57,295,427)
Total Net Position	\$54,800,146	\$46,758,634	\$32,029,348	\$31,363,442	\$86,829,494	\$78,122,076

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The net pension/OPEB liability (asset) reported by the County at December 31, 2020, 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.

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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 decrease in deferred outflows and overall increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension liability and increase in 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 was primarily due to an increase cash and cash equivalents from a variety of sources. During 2020, the County received approximately \$5.7 million in COVID-19 relief resources which allowed the County to use these resources to pay costs which would have otherwise come from the County's operating resources (this allowed for a substantial increase in fund balance, primarily in the General Fund which offset safety forces costs with the COVID relief monies). The County also received almost \$1.7 million in refunds from the Bureau of Workers' Compensation. The Motor Vehicle and Gasoline Tax Fund also had an increase in cash of \$1.7 million due, in part, to the State's increase in the gasoline tax rate and also due to a reduction in spending (impact of COVID-19 on project activity). The increase in current and other liabilities is largely due to accrued wages (timing of pay period end dates). The decrease in other long-term liabilities generally represents scheduled debt retirement.

For the business-type activity, the increase in current and other assets was primarily due to an increase in cash and cash equivalents. This is the result of Bureau of Workers' Compensation refunds and reduced spending during 2020. The decrease in other long-term liabilities represents scheduled debt retirement.

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Table 2 reflects the change in net position for 2020 and 2019.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2020	2019	2020	2019	2020	2019
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$13,984,595	\$13,968,041	\$8,010,460	\$8,044,333	\$21,995,055	\$22,012,374
Operating Grants, Contributions, and Interest	34,374,434	29,523,008	0	0	34,374,434	29,523,008
Capital Grants and Contributions	1,510,789	1,882,811	0	26,574	1,510,789	1,909,385
Total Program Revenues	<u>49,869,818</u>	<u>45,373,860</u>	<u>8,010,460</u>	<u>8,070,907</u>	<u>57,880,278</u>	<u>53,444,767</u>
General Revenues						
Property Taxes Levied for						
General Operations	3,119,870	3,034,708	0	0	3,119,870	3,034,708
Health-Developmental Disabilities	5,233,060	5,050,389	0	0	5,233,060	5,050,389
Human Services-Children Services	2,142,648	2,075,240	0	0	2,142,648	2,075,240
Debt Service	1,418,077	1,379,109	0	0	1,418,077	1,379,109
Marimor Permanent Improvement	455,054	439,164	0	0	455,054	439,164
Permissive Sales Taxes	17,823,648	18,061,974	0	0	17,823,648	18,061,974
Grants and Entitlements	2,576,800	2,896,110	0	0	2,576,800	2,896,110
Interest	751,549	1,708,985	125	150	751,674	1,709,135
Other	6,825,993	6,482,077	329,260	196,117	7,155,253	6,678,194
Total General Revenues	<u>40,346,699</u>	<u>41,127,756</u>	<u>329,385</u>	<u>196,267</u>	<u>40,676,084</u>	<u>41,324,023</u>
Total Revenues	<u>90,216,517</u>	<u>86,501,616</u>	<u>8,339,845</u>	<u>8,267,174</u>	<u>98,556,362</u>	<u>94,768,790</u>
<u>Program Expenses</u>						
General Government						
Legislative and Executive	13,818,343	13,643,250	0	0	13,818,343	13,643,250
Judicial	10,242,459	11,226,916	0	0	10,242,459	11,226,916
Public Safety	12,882,420	14,731,037	0	0	12,882,420	14,731,037
Public Works	12,232,565	12,908,360	0	0	12,232,565	12,908,360
Health						
Developmental Disabilities	9,208,225	10,498,953	0	0	9,208,225	10,498,953
Other Health	884,839	677,625	0	0	884,839	677,625
Human Services						
Job and Family Services	9,534,163	11,209,473	0	0	9,534,163	11,209,473
Children Services	7,343,738	7,176,067	0	0	7,343,738	7,176,067
Other Human Services	2,955,667	3,119,009	0	0	2,955,667	3,119,009
Conservation and Recreation	2,550,519	3,498,670	0	0	2,550,519	3,498,670
Interest and Fiscal Charges	199,961	232,425	0	0	199,961	232,425
Sewer	0	0	7,996,045	8,677,222	7,996,045	8,677,222
Total Expenses	<u>81,852,899</u>	<u>88,921,785</u>	<u>7,996,045</u>	<u>8,677,222</u>	<u>89,848,944</u>	<u>97,599,007</u>
Increase (Decrease) in Net Position Before Transfers	8,363,618	(2,420,169)	343,800	(410,048)	8,707,418	(2,830,217)
Transfers	(322,106)	(804,305)	322,106	804,305	0	0
Increase (Decrease) in Net Position	8,041,512	(3,224,474)	665,906	394,257	8,707,418	(2,830,217)
Net Position Beginning of Year	46,758,634	49,983,108	31,363,442	30,969,185	78,122,076	80,952,293
Net Position End of Year	<u>\$54,800,146</u>	<u>\$46,758,634</u>	<u>\$32,029,348</u>	<u>\$31,363,442</u>	<u>\$86,829,494</u>	<u>\$78,122,076</u>

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For governmental activities, the most significant change in program revenues is the increase in operating grants and contributions and primarily due to COVID-19 relief monies received. The change in general revenues from the prior year was not significant; however, there was a decrease in sales tax revenue and interest revenue, both impacted by the pandemic. The decrease in expenses is due to a decrease in overall pension/OPEB expense which decreased \$7.2 million from the prior year.

For the business-type activity, there was little change revenues. The decrease in expenses was a combination of reduced personnel costs and fewer contracted services during 2020.

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	
	2020	2019	2020	2019
General Government:				
Legislative and Executive	\$13,818,343	\$13,643,250	\$7,752,718	\$9,271,461
Judicial	10,242,459	11,226,916	5,327,995	5,880,806
Public Safety	12,882,420	14,731,037	6,737,237	12,601,588
Public Works	12,232,565	12,908,360	61,519	2,100,603
Health				
Developmental Disabilities	9,208,225	10,498,953	5,452,009	4,756,055
Other Health	884,839	677,625	366,114	260,007
Human Services				
Job and Family Services	9,534,163	11,209,473	1,478,417	3,082,679
Children Services	7,343,738	7,176,067	2,500,508	2,511,471
Other Human Services	2,955,667	3,119,009	939,665	1,509,999
Conservation and Recreation	2,550,519	3,498,670	1,166,938	1,340,831
Interest and Fiscal Charges	199,961	232,425	199,961	232,425
Total Expenses	<u>\$81,852,899</u>	<u>\$88,921,785</u>	<u>\$31,983,081</u>	<u>\$43,547,925</u>

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) supported 39 percent of the services provided by the County (49 percent in 2019). 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, 32 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).

Allen County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
Unaudited

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 Ditch Construction capital projects fund.

The increase in fund balance in the General Fund is generally due to COVID relief monies the County received in 2020. The County reduced public safety expenditures in the General Fund by utilizing the relief monies received (paid from the Coronavirus Relief Fund).

The increase in fund balance in the Motor Vehicle and Gasoline Tax Fund was primarily due to a reduction in expenditures. The pandemic impacted the number of projects/activities undertaken in 2020.

Revenues in the Job and Family Services Fund increased due to an increase in grant funding and expenditures decreased substantially due to a reduction in services during 2020 and a lease agreement to acquire a new building that the County incurred in 2019. This combination led to an increase in fund balance.

The change in fund balance in the Developmental Disabilities Fund was not significant despite a decrease in grant funding (largely Medicaid funding).

The increase in fund balance in the Children Services Fund was due to a 23 percent increase in revenue (primarily grant funding). There was also an increase in expenditures (12 percent) largely due to accrued wages and a payable to the Job and Family Services department.

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

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 2020 and a modest increase in net position (2 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 due to an anticipated increase in charges for services. The most significant changes from the final budget to actual revenues were sales taxes performing better than expected and from Bureau of Workers' Compensation refunds. 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 COVID-19 relief resources offsetting public safety costs and budgeting conservatively for general government activities.



Allen County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
Unaudited

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, 2020, was \$66,706,439 and \$27,447,832, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included a building for the public defender, renovations at the board of elections, building improvements at Marimor school/industries, a 911 system upgrade, a generator, various road and bridge improvements, and a number of vehicles. Disposals were primarily equipment and vehicle replacements.

For the business-type activity, additions included a new vactor, a truck, and infrastructure improvements. Disposals included a vactor and utility vehicle.

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

Debt - At December 31, 2020, the County had \$48,587 in general obligation bonds, \$405,431 in special assessment bonds, \$1,524,494 in OPWC loans, and \$2,804,346 in OWDA loans payable from governmental activities. The business-type activity had \$16,874,765 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.

Current Issues

The unemployment rate rose from 3.8 percent in December 2019, to 4.8 percent as of December 2020. The unemployment rate was 4.7 percent in December 2018, 4.4 percent in December 2017, and 5 percent in December 2016. Rates rose and fell during the 2020 Covid-19 pandemic year. The unemployment rate in Allen County was 5.7 percent as of March and 19.7 in April, with the lowest mark reached in November of 4.4 percent. Financially, unemployment fraud from outside attackers has continued to plague Allen County as it has with numerous other counties across the state. Although many businesses have reopened over the last few months, most are not at full capacity for business nor employment. Finding employees willing to work remains a challenge, as it is across the nation.

The Allen County Commissioners and elected officials continue to monitor the budget closely and have been diligent in keeping expenditures in line with revenues. Sales tax revenue was not adversely affected in 2020 during the pandemic nor is it currently expected to decrease in 2021. However, sales tax does seem to be artificially inflated due to the spending resulting from significant stimulus money provided to households during the pandemic, both in 2020 and in 2021. Sales tax revenue supports our General Fund significantly.

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. CARES Act funds helped renovate the fourth floor of the Allen County Courthouse, reopening a fourth floor court room that had been shuttered for years due to deterioration. The new courtroom allowed Common Pleas Court to proceed with jury trials during the last part of 2020, allowing for proper social distancing efforts.

Allen County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2020  
Unaudited

General Fund monies that were initially trimmed from departmental budgets in mid-2020 to weather thru the pandemic were restored at the latter part of 2020 due to the sustained sales tax and CARES Act funding received to counter significant cost of social distancing and pandemic safety and control measures.

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](http://www.allencountyohio.com).

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Allen County, Ohio  
Statement of Net Position  
Primary Government and Discretely Presented Component Units  
December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$54,230,835	\$5,445,067	\$59,675,902	\$0	\$0
Cash and Cash Equivalents in Segregated Accounts	583,351	0	583,351	24,734	424,316
Investments in Segregated Accounts	0	0	0	68,545	0
Accounts Receivable	372,125	2,932,538	3,304,663	0	0
Accrued Interest Receivable	15,924	0	15,924	0	0
Permissive Sales Taxes Receivable	4,876,553	0	4,876,553	0	0
Permissive Motor Vehicle License Taxes Receivable	88,251	0	88,251	0	0
Other Local Taxes Receivable	64,404	0	64,404	0	0
Due from Other Governments	7,641,668	0	7,641,668	0	0
Prepaid Items	426,886	15,525	442,411	0	0
Materials and Supplies Inventory	712,558	76,140	788,698	0	0
Property Held for Resale	0	0	0	0	2,712,887
Internal Balances	(381,235)	381,235	0	0	0
Property Taxes Receivable	12,751,936	0	12,751,936	0	0
Notes Receivable	408,981	0	408,981	0	0
Special Assessments Receivable	3,123,095	0	3,123,095	0	0
Net Pension Asset	431,502	21,575	453,077	0	0
Net OPEB Asset	31,593	0	31,593	0	0
Nondepreciable Capital Assets	5,820,240	336,568	6,156,808	136,546	0
Depreciable Capital Assets, Net	73,482,524	44,345,291	117,827,815	1,178,308	0
<b>Total Assets</b>	<b>164,681,191</b>	<b>53,553,939</b>	<b>218,235,130</b>	<b>1,408,133</b>	<b>3,137,203</b>
<u>Deferred Outflows of Resources</u>					
Pension	7,168,499	355,470	7,523,969	0	0
OPEB	4,760,298	237,832	4,998,130	0	0
<b>Total Deferred Outflows of Resources</b>	<b>11,928,797</b>	<b>593,302</b>	<b>12,522,099</b>	<b>0</b>	<b>0</b>
<u>Liabilities</u>					
Accrued Wages Payable	1,478,575	75,971	1,554,546	0	0
Employee Withholdings Payable	413,144	0	413,144	0	0
Accounts Payable	843,386	59,822	903,208	2,763	0
Contracts Payable	12,750	59,524	72,274	0	0
Due to Other Governments	794,996	32,440	827,436	0	0
Accrued Interest Payable	1,842	0	1,842	0	0
Unearned Revenue	23,683	0	23,683	0	0
Notes Payable	0	0	0	3,611	0
Long-Term Liabilities:					
Due Within One Year	2,298,198	1,381,487	3,679,685	0	0
Due in More Than One Year	13,754,360	16,075,873	29,830,233	66,357	0
Net Pension Liability	44,022,867	2,179,399	46,202,266	0	0
Net OPEB Liability	29,840,075	1,492,002	31,332,077	0	0
<b>Total Liabilities</b>	<b>93,483,876</b>	<b>21,356,518</b>	<b>114,840,394</b>	<b>72,731</b>	<b>0</b>
<u>Deferred Inflows of Resources</u>					
Property Taxes	11,979,068	0	11,979,068	0	0
Pension	11,248,542	520,070	11,768,612	0	0
OPEB	5,098,356	241,305	5,339,661	0	0
<b>Total Deferred Inflows of Resources</b>	<b>28,325,966</b>	<b>761,375</b>	<b>29,087,341</b>	<b>0</b>	<b>0</b>

(continued)

Allen County, Ohio  
Statement of Net Position  
Primary Government and Discretely Presented Component Units  
December 31, 2020  
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
<u>Net Position</u>					
Net Investment in Capital Assets	\$66,706,439	\$27,447,832	\$94,154,271	\$1,314,854	\$0
Restricted for:					
Debt Service	998,043	0	998,043	0	0
Capital Projects	3,468,756	0	3,468,756	0	0
Public Works	6,614,905	0	6,614,905	0	0
Developmental Disabilities	12,623,523	0	12,623,523	0	0
Job and Family Services	1,567,897	0	1,567,897	0	0
Children Services	4,250,745	0	4,250,745	0	0
Real Estate Assessment	2,569,322	0	2,569,322	0	0
Revolving Loan	1,892,695	0	1,892,695	0	0
Ditch Maintenance	2,737,881	0	2,737,881	0	0
Other Purposes	6,033,031	0	6,033,031	0	0
Unrestricted (Deficit)	(54,663,091)	4,581,516	(50,081,575)	20,548	3,137,203
Total Net Position	\$54,800,146	\$32,029,348	\$86,829,494	\$1,335,402	\$3,137,203

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, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
General Government:				
Legislative and Executive	\$13,818,343	\$4,357,099	\$1,670,892	\$37,634
Judicial	10,242,459	1,886,006	3,028,458	0
Public Safety	12,882,420	819,224	4,999,885	326,074
Public Works	12,232,565	4,522,432	6,501,533	1,147,081
Health				
Developmental Disabilities	9,208,225	176,687	3,579,529	0
Other Health	884,839	435,433	83,292	0
Human Services				
Job and Family Services	9,534,163	45	8,055,701	0
Children Services	7,343,738	44,954	4,798,276	0
Other Human Services	2,955,667	460,307	1,555,695	0
Conservation and Recreation	2,550,519	1,282,408	101,173	0
Interest and Fiscal Charges	199,961	0	0	0
Total Governmental Activities	81,852,899	13,984,595	34,374,434	1,510,789
<u>Business-Type Activity</u>				
Sewer	7,996,045	8,010,460	0	0
Total Primary Government	\$89,848,944	\$21,995,055	\$34,374,434	\$1,510,789
<u>Component Unit</u>				
LODDI	236,670	142,400	0	23,989
Land Bank	465,659	0	0	0
	\$702,329	\$142,400	\$0	\$23,989

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

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
(\$7,752,718)	\$0	(\$7,752,718)	\$0	\$0
(5,327,995)	0	(5,327,995)	0	0
(6,737,237)	0	(6,737,237)	0	0
(61,519)	0	(61,519)	0	0
(5,452,009)	0	(5,452,009)	0	0
(366,114)	0	(366,114)	0	0
(1,478,417)	0	(1,478,417)	0	0
(2,500,508)	0	(2,500,508)	0	0
(939,665)	0	(939,665)	0	0
(1,166,938)	0	(1,166,938)	0	0
(199,961)	0	(199,961)	0	0
(31,983,081)	0	(31,983,081)	0	0
0	14,415	14,415	0	0
(31,983,081)	14,415	(31,968,666)	0	0
0	0	0	(70,281)	0
0	0	0	0	(465,659)
0	0	0	(70,281)	(465,659)
3,119,870	0	3,119,870	0	0
5,233,060	0	5,233,060	0	0
2,142,648	0	2,142,648	0	0
1,418,077	0	1,418,077	0	0
455,054	0	455,054	0	0
17,823,648	0	17,823,648	0	0
2,576,800	0	2,576,800	0	167,217
751,549	125	751,674	8,373	0
6,825,993	329,260	7,155,253	18,459	9,761
40,346,699	329,385	40,676,084	26,832	176,978
(322,106)	322,106	0	0	0
40,024,593	651,491	40,676,084	26,832	176,978
8,041,512	665,906	8,707,418	(43,449)	(288,681)
46,758,634	31,363,442	78,122,076	1,378,851	3,425,884
\$54,800,146	\$32,029,348	\$86,829,494	\$1,335,402	\$3,137,203

Allen County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2020

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$17,368,195	\$3,576,017	\$1,679,378	\$12,582,387
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Accounts Receivable	810	879	0	1,513
Accrued Interest Receivable	15,924	0	0	0
Permissive Sales Taxes Receivable	4,703,246	0	0	0
Permissive Motor Vehicle License Taxes Receivable	0	88,251	0	0
Other Local Taxes Receivable	0	0	0	0
Due from Other Governments	859,002	2,938,018	412,711	657,762
Prepaid Items	274,779	20,672	36,133	39,525
Materials and Supplies Inventory	49,516	585,884	18,925	54,487
Interfund Receivable	3,686,306	4,771	106,620	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	198,537	0	0	0
Property Taxes Receivable	3,131,403	0	0	5,441,441
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<b>Total Assets</b>	<b><u>\$30,287,718</u></b>	<b><u>\$7,214,492</u></b>	<b><u>\$2,253,767</u></b>	<b><u>\$18,777,115</u></b>
<u>Liabilities</u>				
Accrued Wages Payable	\$623,566	\$108,226	\$171,563	\$247,996
Employee Withholdings Payable	413,144	0	0	0
Accounts Payable	256,865	174,694	116,584	32,078
Contracts Payable	0	0	0	0
Due to Other Governments	294,498	45,351	80,216	232,822
Unearned Revenue	0	0	0	0
Interfund Payable	589	26,126	51,890	43,564
<b>Total Liabilities</b>	<b><u>1,588,662</u></b>	<b><u>354,397</u></b>	<b><u>420,253</u></b>	<b><u>556,460</u></b>
<u>Deferred Inflows of Resources</u>				
Property Taxes Receivable	2,959,074	0	0	5,081,117
Unavailable Revenue	4,054,523	2,446,556	297,199	911,656
<b>Total Deferred Inflows of Resources</b>	<b><u>7,013,597</u></b>	<b><u>2,446,556</u></b>	<b><u>297,199</u></b>	<b><u>5,992,773</u></b>
<u>Fund Balance</u>				
Nonspendable	3,657,289	606,556	55,058	94,012
Restricted	0	3,806,983	1,481,257	12,133,870
Assigned	6,891,591	0	0	0
Unassigned (Deficit)	11,136,579	0	0	0
<b>Total Fund Balance (Deficit)</b>	<b><u>21,685,459</u></b>	<b><u>4,413,539</u></b>	<b><u>1,536,315</u></b>	<b><u>12,227,882</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b><u>\$30,287,718</u></b>	<b><u>\$7,214,492</u></b>	<b><u>\$2,253,767</u></b>	<b><u>\$18,777,115</u></b>

See Accompanying Notes to the Basic Financial Statements



<u>Children Services</u>	<u>Ditch Construction</u>	<u>Other Governmental</u>	<u>Total</u>
\$3,975,567	\$1,320,998	\$13,529,756	\$54,032,298
22,742	0	560,609	583,351
13,607	0	355,316	372,125
0	0	0	15,924
0	0	173,307	4,876,553
0	0	0	88,251
0	0	64,404	64,404
825,878	0	1,948,297	7,641,668
23,609	0	32,168	426,886
3,746	0	0	712,558
20,584	0	211,960	4,030,241
0	0	0	198,537
2,228,710	0	1,950,382	12,751,936
0	0	408,981	408,981
0	1,041,869	2,081,226	3,123,095
<u>\$7,114,443</u>	<u>\$2,362,867</u>	<u>\$21,316,406</u>	<u>\$89,326,808</u>
\$136,103	\$0	\$191,121	\$1,478,575
0	0	0	413,144
100,348	0	162,817	843,386
0	0	12,750	12,750
60,208	0	81,901	794,996
0	0	23,683	23,683
130,229	2,783,222	1,375,856	4,411,476
<u>426,888</u>	<u>2,783,222</u>	<u>1,848,128</u>	<u>7,978,010</u>
2,098,158	0	1,840,719	11,979,068
535,409	1,041,869	4,138,666	13,425,878
<u>2,633,567</u>	<u>1,041,869</u>	<u>5,979,385</u>	<u>25,404,946</u>
27,355	0	32,168	4,472,438
4,026,633	0	13,951,226	35,399,969
0	0	4,813	6,896,404
0	(1,462,224)	(499,314)	9,175,041
<u>4,053,988</u>	<u>(1,462,224)</u>	<u>13,488,893</u>	<u>55,943,852</u>
<u>\$7,114,443</u>	<u>\$2,362,867</u>	<u>\$21,316,406</u>	<u>\$89,326,808</u>

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Allen County, Ohio  
 Reconciliation of Total Governmental Fund Balance  
 to Net Position of Governmental Activities  
 December 31, 2020

Total Governmental Fund Balance		\$55,943,852
<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>		79,302,764
<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	355,920	
Accrued Interest Receivable	12,442	
Permissive Sales Taxes Receivable	3,309,883	
Other Local Taxes Receivable	29,830	
Due from Other Governments	5,818,530	
Interfund Receivable	3,310	
Delinquent Property Taxes Receivable	772,868	
Special Assessments Receivable	<u>3,123,095</u>	
		13,425,878
<p>Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
General Obligation Bonds Payable	(48,587)	
Special Assessment Bonds Payable	(405,431)	
OPWC Loans Payable	(1,524,494)	
OWDA Loans Payable	(2,804,346)	
Capital Loans Payable	(624,068)	
Capital Leases Payable	(7,270,667)	
Compensated Absences Payable	<u>(3,374,965)</u>	
		(16,052,558)
<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>		(1,842)
<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	431,502	
Net OPEB Asset	31,593	
Deferred Outflows - Pension	7,168,499	
Deferred Inflows - Pension	(11,248,542)	
Net Pension Liability	(44,022,867)	
Deferred Outflows - OPEB	4,760,298	
Deferred Inflows - OPEB	(5,098,356)	
Net OPEB Liability	<u>(29,840,075)</u>	
		<u>(77,817,948)</u>
Net Position of Governmental Activities		<u><u>\$54,800,146</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, 2020

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
<u>Revenues</u>				
Property Taxes	\$3,109,953	\$0	\$0	\$5,212,324
Permissive Sales Taxes	17,492,551	0	0	0
Permissive Motor Vehicle License Taxes	0	1,150,004	0	0
Other Local Taxes	0	0	0	0
Charges for Services	4,736,259	585,314	45	176,627
Licenses and Permits	6,106	4,750	0	0
Fines and Forfeitures	253,664	179,353	0	0
Intergovernmental	2,195,879	7,168,395	8,043,718	3,537,535
Special Assessments	0	0	0	0
Interest	758,519	12,212	0	308
Gifts and Donations	0	0	0	0
Other	2,168,871	222,799	1,379,974	723,614
<b>Total Revenues</b>	<b>30,721,802</b>	<b>9,322,827</b>	<b>9,423,737</b>	<b>9,650,408</b>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	9,843,541	0	0	0
Judicial	6,568,769	0	0	0
Public Safety	5,631,174	0	0	0
Public Works	151,986	7,411,569	0	0
Health	212,835	0	0	9,344,429
Human Services	394,625	0	8,896,130	0
Conservation and Recreation	396,149	0	0	0
Other	88,231	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	48,583	75,933	304,000	0
Interest and Fiscal Charges	2,166	0	0	0
<b>Total Expenditures</b>	<b>23,338,059</b>	<b>7,487,502</b>	<b>9,200,130</b>	<b>9,344,429</b>
Excess of Revenues Over (Under) Expenditures	7,383,743	1,835,325	223,607	305,979
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	0	17,026	0	0
Transfers In	0	0	383,515	0
Transfers Out	(683,204)	(61,270)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(683,204)</b>	<b>(44,244)</b>	<b>383,515</b>	<b>0</b>
Changes in Fund Balance	6,700,539	1,791,081	607,122	305,979
Fund Balance (Deficit) Beginning of Year	14,984,920	2,622,458	929,193	11,921,903
<b>Fund Balance (Deficit) End of Year</b>	<b>\$21,685,459</b>	<b>\$4,413,539</b>	<b>\$1,536,315</b>	<b>\$12,227,882</b>

See Accompanying Notes to the Basic Financial Statements

<u>Children Services</u>	<u>Ditch Construction</u>	<u>Other Governmental</u>	<u>Total</u>
\$2,135,135	\$0	\$1,866,821	\$12,324,233
0	0	446,026	17,938,577
0	0	0	1,150,004
0	0	491,108	491,108
44,954	0	3,938,908	9,482,107
0	0	616,096	626,952
0	0	39,810	472,827
5,614,753	0	12,464,557	39,024,837
0	258,405	865,996	1,124,401
0	0	7,520	778,559
0	0	25,455	25,455
533,633	0	1,721,390	6,750,281
<u>8,328,475</u>	<u>258,405</u>	<u>22,483,687</u>	<u>90,189,341</u>
0	0	3,189,013	13,032,554
0	0	2,741,465	9,310,234
0	0	6,306,601	11,937,775
0	0	1,943,828	9,507,383
0	0	648,071	10,205,335
7,077,627	0	2,373,644	18,742,026
0	0	1,634,631	2,030,780
0	0	0	88,231
0	170,602	3,255,992	3,426,594
0	36,595	391,368	856,479
0	50,835	157,166	210,167
<u>7,077,627</u>	<u>258,032</u>	<u>22,641,779</u>	<u>79,347,558</u>
<u>1,250,848</u>	<u>373</u>	<u>(158,092)</u>	<u>10,841,783</u>
0	0	18,945	35,971
0	46,395	4,007,695	4,437,605
0	(29)	(3,557,298)	(4,301,801)
<u>0</u>	<u>46,366</u>	<u>469,342</u>	<u>171,775</u>
1,250,848	46,739	311,250	11,013,558
<u>2,803,140</u>	<u>(1,508,963)</u>	<u>13,177,643</u>	<u>44,930,294</u>
<u>\$4,053,988</u>	<u>(\$1,462,224)</u>	<u>\$13,488,893</u>	<u>\$55,943,852</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, 2020

Changes in Fund Balance - Total Governmental Funds \$11,013,558

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

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

Capital Outlay - Nondepreciable Capital Assets	1,816,003	
Capital Outlay - Depreciable Capital Assets	2,943,600	
Depreciation	<u>(4,776,352)</u>	(16,749)

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	(35,971)	
Gain on Disposal of Capital Assets	35,971	
Loss on Disposal of Capital Assets	<u>(465,152)</u>	(465,152)

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

Delinquent Property Taxes	44,476	
Permissive Sales Taxes	(114,929)	
Other Local Taxes	(17,377)	
Charges for Services	52,493	
Licenses and Permits	(110)	
Intergovernmental	(608,267)	
Special Assessments	602,190	
Interest	(7,012)	
Other	<u>39,741</u>	(8,795)

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	36,595	
General Obligation Bonds Payable	48,583	
Special Assessment Bonds Payable	85,000	
OPWC Loans Payable	75,933	
OWDA Loans Payable	294,168	
Capital Loans Payable	12,200	
Capital Leases Payable	<u>304,000</u>	856,479

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	1,122	
Amortization of Premium	<u>9,084</u>	10,206

(continued)

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, 2020  
 (continued)

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.		(\$247,465)
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	(5,404,927)	
OPEB Expense	<u>(2,475,116)</u>	(7,880,043)
Contractually required pension/OPEB 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	4,746,995	
Contractually Required Contributions - OPEB	<u>32,478</u>	<u>4,779,473</u>
Change in Net Position of Governmental Activities		<u><u>\$8,041,512</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  
General Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,917,300	\$2,917,300	\$3,097,899	\$180,599
Permissive Sales Taxes	15,975,000	15,975,000	17,405,508	1,430,508
Charges for Services	3,903,550	4,947,622	4,746,207	(201,415)
Licenses and Permits	5,910	5,910	6,106	196
Fines and Forfeitures	85,650	209,880	253,664	43,784
Intergovernmental	1,695,000	1,695,000	2,173,355	478,355
Interest	1,100,000	1,106,282	820,758	(285,524)
Other	821,719	872,468	1,681,272	808,804
<b>Total Revenues</b>	<b>26,504,129</b>	<b>27,729,462</b>	<b>30,184,769</b>	<b>2,455,307</b>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	10,623,510	10,954,530	9,919,336	1,035,194
Judicial	7,439,106	7,196,916	6,487,815	709,101
Public Safety	10,069,987	10,159,310	5,671,834	4,487,476
Public Works	126,320	153,000	153,000	0
Health	215,042	235,042	212,835	22,207
Human Services	679,275	679,275	393,661	285,614
Conservation and Recreation	372,747	395,365	395,140	225
Other	97,176	128,551	88,231	40,320
Debt Service:				
Principal Retirement	0	48,583	48,583	0
Interest and Fiscal Charges	0	2,166	2,166	0
<b>Total Expenditures</b>	<b>29,623,163</b>	<b>29,952,738</b>	<b>23,372,601</b>	<b>6,580,137</b>
Excess of Revenues Over (Under) Expenditures	<b>(3,119,034)</b>	<b>(2,223,276)</b>	<b>6,812,168</b>	<b>9,035,444</b>
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	167,000	183,143	499,762	316,619
Advances In	20,000	20,000	5,425,941	5,405,941
Advances Out	(75,000)	(23,011)	(2,714,382)	(2,691,371)
Transfers In	735,000	0	0	0
Transfers Out	(1,419,987)	(683,204)	(683,204)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(572,987)</b>	<b>(503,072)</b>	<b>2,528,117</b>	<b>3,031,189</b>
Changes in Fund Balance	(3,692,021)	(2,726,348)	9,340,285	12,066,633
Fund Balance Beginning of Year	6,821,864	6,821,864	6,821,864	0
Prior Year Encumbrances Appropriated	33,563	33,563	33,563	0
<b>Fund Balance End of Year</b>	<b>\$3,163,406</b>	<b>\$4,129,079</b>	<b>\$16,195,712</b>	<b>\$12,066,633</b>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Permissive Motor Vehicle License Taxes	\$1,100,000	\$1,100,000	\$1,155,827	\$55,827
Charges for Services	730,000	730,000	595,826	(134,174)
Licenses and Permits	10,000	10,000	4,890	(5,110)
Fines and Forfeitures	170,000	170,000	179,348	9,348
Intergovernmental	6,250,000	7,397,081	7,207,206	(189,875)
Interest	30,000	30,000	13,922	(16,078)
Other	0	0	120,709	120,709
	<u>8,290,000</u>	<u>9,437,081</u>	<u>9,277,728</u>	<u>(159,353)</u>
<u>Expenditures</u>				
Current:				
Public Works	6,467,360	8,989,976	7,675,925	1,314,051
Debt Service:				
Principal Retirement	151,862	151,862	75,933	75,929
	<u>6,619,222</u>	<u>9,141,838</u>	<u>7,751,858</u>	<u>1,389,980</u>
Excess of Revenues Over Expenditures	<u>1,670,778</u>	<u>295,243</u>	<u>1,525,870</u>	<u>1,230,627</u>
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	140,000	144,761	101,919	(42,842)
Sale of Capital Assets	0	0	17,026	17,026
Transfers Out	(111,000)	(111,000)	(61,270)	49,730
	<u>29,000</u>	<u>33,761</u>	<u>57,675</u>	<u>23,914</u>
Changes in Fund Balance	1,699,778	329,004	1,583,545	1,254,541
Fund Balance Beginning of Year	1,418,847	1,418,847	1,418,847	0
Prior Year Encumbrances Appropriated	353,613	353,613	353,613	0
Fund Balance End of Year	<u>\$3,472,238</u>	<u>\$2,101,464</u>	<u>\$3,356,005</u>	<u>\$1,254,541</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  
Job and Family Services Fund  
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Charges for Services	\$500	\$500	\$45	(\$455)
Intergovernmental	9,382,500	9,382,500	8,085,376	(1,297,124)
Other	0	0	252,615	252,615
<b>Total Revenues</b>	<b>9,383,000</b>	<b>9,383,000</b>	<b>8,338,036</b>	<b>(1,044,964)</b>
<u>Expenditures</u>				
Current:				
Human Services	10,659,200	10,810,789	10,225,575	585,214
Excess of Revenues Under Expenditures	(1,276,200)	(1,427,789)	(1,887,539)	(459,750)
<u>Other Financing Sources</u>				
Other Financing Sources	1,018,818	1,085,361	1,024,383	(60,978)
Transfers In	383,515	383,515	383,515	0
<b>Total Other Financing Sources</b>	<b>1,402,333</b>	<b>1,468,876</b>	<b>1,407,898</b>	<b>(60,978)</b>
Changes in Fund Balance	126,133	41,087	(479,641)	(520,728)
Fund Balance Beginning of Year	432,589	432,589	432,589	0
Prior Year Encumbrances Appropriated	863,652	863,652	863,652	0
<b>Fund Balance End of Year</b>	<b>\$1,422,374</b>	<b>\$1,337,328</b>	<b>\$816,600</b>	<b>(\$520,728)</b>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$5,186,073	\$5,290,370	\$5,187,122	(\$103,248)
Charges for Services	235,000	235,364	185,364	(50,000)
Intergovernmental	3,482,589	3,536,722	3,888,464	351,742
Interest	1,900	1,900	374	(1,526)
Other	137,700	137,700	347,730	210,030
<b>Total Revenues</b>	<b>9,043,262</b>	<b>9,202,056</b>	<b>9,609,054</b>	<b>406,998</b>
<u>Expenditures</u>				
Current:				
Health	10,474,942	10,994,971	9,140,833	1,854,138
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,431,680)</b>	<b>(1,792,915)</b>	<b>468,221</b>	<b>2,261,136</b>
<u>Other Financing Sources</u>				
Other Financing Sources	666,305	773,010	386,157	(386,853)
<b>Changes in Fund Balance</b>	<b>(765,375)</b>	<b>(1,019,905)</b>	<b>854,378</b>	<b>1,874,283</b>
Fund Balance Beginning of Year	11,452,034	11,452,034	11,452,034	0
Prior Year Encumbrances Appropriated	27,094	27,094	27,094	0
<b>Fund Balance End of Year</b>	<b>\$10,713,753</b>	<b>\$10,459,223</b>	<b>\$12,333,506</b>	<b>\$1,874,283</b>

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$2,352,198	\$2,499,130	\$2,126,003	(\$373,127)
Charges for Services	92,375	92,678	39,939	(52,739)
Intergovernmental	4,046,916	4,061,217	4,912,273	851,056
Other	0	0	136,006	136,006
<b>Total Revenues</b>	<b>6,491,489</b>	<b>6,653,025</b>	<b>7,214,221</b>	<b>561,196</b>
<u>Expenditures</u>				
Current:				
Human Services	6,651,421	7,101,421	6,996,804	104,617
Excess of Revenues Over (Under) Expenditures	(159,932)	(448,396)	217,417	665,813
<u>Other Financing Sources</u>				
Other Financing Sources	324,368	817,769	347,268	(470,501)
<b>Changes in Fund Balance</b>	<b>164,436</b>	<b>369,373</b>	<b>564,685</b>	<b>195,312</b>
Fund Balance Beginning of Year	2,969,400	2,969,400	2,969,400	0
<b>Fund Balance End of Year</b>	<b>\$3,133,836</b>	<b>\$3,338,773</b>	<b>\$3,534,085</b>	<b>\$195,312</b>

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio  
Statement of Fund Net Position  
Enterprise Fund  
December 31, 2020

	Sewer
<u>Assets</u>	
<u>Current Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$5,445,067
Accounts Receivable	2,932,538
Prepaid Items	15,525
Materials and Supplies Inventory	76,140
Interfund Receivable	400,070
	8,869,340
Total Current Assets	
<u>Non-Current Assets</u>	
Net Pension Asset	21,575
Nondepreciable Capital Assets	336,568
Depreciable Capital Assets, Net	44,345,291
	44,703,434
Total Non-Current Assets	
Total Assets	53,572,774
<u>Deferred Outflows of Resources</u>	
Pension	355,470
OPEB	237,832
	593,302
Total Deferred Outflows of Resources	
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accrued Wages Payable	75,971
Accounts Payable	59,822
Contracts Payable	59,524
Due to Other Governments	32,440
Interfund Payable	18,835
OWDA Loans Payable	1,193,491
Capital Leases Payable	71,852
Compensated Absences Payable	116,144
	1,628,079
Total Current Liabilities	
<u>Non-Current Liabilities</u>	
OWDA Loans Payable	15,681,274
Net Pension Liability	2,179,399
Net OPEB Liability	1,492,002
Capital Leases Payable	227,886
Compensated Absences Payable	166,713
	19,747,274
Total Non-Current Liabilities	
Total Liabilities	21,375,353
<u>Deferred Inflows of Resources</u>	
Pension	520,070
OPEB	241,305
	761,375
Total Deferred Inflows of Resources	
<u>Net Position</u>	
Net Investment in Capital Assets	27,447,832
Unrestricted	4,581,516
	\$32,029,348
Total Net Position	

See Accompanying Notes to the Basic Financial Statements

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Allen County, Ohio  
Statement of Revenues, Expenses,  
and Change in Fund Net Position  
Enterprise Fund  
For the Year Ended December 31, 2020

	Sewer
<u>Operating Revenues</u>	
Charges for Services	\$7,943,687
Licenses, Permits, and Inspections	66,773
Other	239,260
Total Operating Revenues	8,249,720
<u>Operating Expenses</u>	
Personal Services	2,647,469
Materials and Supplies	303,504
Contractual Services	2,179,036
Other	150
Depreciation	2,350,064
Total Operating Expenses	7,480,223
Operating Income	769,497
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	125
Gain on Disposal of Capital Assets	90,000
Interest Expense	(515,822)
Total Non-Operating Revenues (Expenses)	(425,697)
Income before Capital Contributions and Transfers	343,800
Capital Contributions	457,910
Transfers In	5,699
Transfers Out	(141,503)
Change in Net Position	665,906
Net Position Beginning of Year	31,363,442
Net Position End of Year	\$32,029,348

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio  
Statement of Cash Flows  
Enterprise Fund  
For the Year Ended December 31, 2020

	Sewer
Increase (Decrease) in Cash and Cash Equivalents	
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$8,104,467
Cash Payments for Personal Services	(2,444,113)
Cash Payments to Suppliers	(1,301,387)
Cash Payments for Contractual Services	(1,228,356)
Cash Received from Other Revenues	239,260
Cash Payments for Other Expenses	(150)
Net Cash Provided by Operating Activities	3,369,721
<u>Cash Flows from Noncapital Financing Activities</u>	
Cash Payments for Advances Out	(111,668)
Cash Received from Transfers In	5,699
Net Cash Used for Noncapital Financing Activities	(105,969)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	(570,520)
Principal Paid on OWDA Loans	(1,276,559)
Interest Paid on OWDA Loans	(514,215)
Principal Paid on Capital Loan	(12,200)
Interest Paid on Capital Loan	(17,415)
Lease Principal	(137,874)
Lease Interest	(1,607)
Sale of Capital Assets	90,000
Net Cash Used for Capital and Related Financing Activities	(2,440,390)
<u>Cash Flows from Investing Activities</u>	
Interest	125
Net Increase in Cash and Cash Equivalents	823,487
Cash and Cash Equivalents Beginning of Year	4,621,580
Cash and Cash Equivalents End of Year	\$5,445,067

(continued)



Allen County, Ohio  
Statement of Cash Flows  
Enterprise Fund  
For the Year Ended December 31, 2020  
(continued)

	Sewer
<u>Reconciliation of Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Operating Income	\$769,497
<u>Adjustments to Reconcile Operating Income to</u>	
<u>Net Cash Provided by Operating Activities</u>	
Depreciation	2,350,064
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	94,444
Decrease in Prepaid Items	2,090
Increase in Materials and Supplies Inventory	(9,704)
Increase in Interfund Receivable	(437)
Increase in Net Pension Asset	(3,138)
Increase in Accrued Wages Payable	10,507
Decrease in Accounts Payable	(18,978)
Increase in Due to Other Governments	3,106
Decrease in Interfund Payable	(22,601)
Decrease in Compensated Absences Payable	(3,322)
Increase in Net Pension Liability	49,374
Decrease in Deferred Outflows - Pension	453,133
Decrease in Deferred Inflows - Pension	(437,934)
Increase in Net OPEB Liability	90,790
Decrease in Deferred Outflows - OPEB	211,388
Decrease in Deferred Inflows - OPEB	(168,558)
Total Adjustments	2,600,224
Net Cash Provided by Operating Activities	\$3,369,721

Non-Cash Capital Transactions

During 2020, the Sanitary Sewer enterprise fund received capital assets from governmental activities, in the amount of \$457,910.

During 2020, the Sanitary Sewer enterprise fund entered into a capital lease, in the amount of \$379,948.

At December 31, 2020, the Sanitary Sewer enterprise fund had payables related to the acquisition of capital assets, in the amount of \$59,524.

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2020

	Investment Trust	Martha Mark Private Purpose Trust	Custodial
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$4,960,682	\$12,596	\$17,588,482
Cash and Cash Equivalents in Segregated Accounts	0	0	1,023,437
Due from Other Governments	0	0	4,501,307
Property Taxes Receivable	0	0	95,170,721
Special Assessments Receivable	0	0	16,803,326
<b>Total Assets</b>	<b>4,960,682</b>	<b>12,596</b>	<b>135,087,273</b>
<u>Liabilities</u>			
Due to Other Governments	0	0	4,944,744
<u>Deferred Inflows of Resources</u>			
Property Taxes	0	0	88,279,461
<u>Net Position</u>			
Held in Trust for External Pool Participants	4,960,682	0	0
Held in Trust for the Benefit of Children	0	12,596	0
Restricted for Individuals, Organizations, and other Governments	0	0	41,863,068
<b>Total Net Position</b>	<b>\$4,960,682</b>	<b>\$12,596</b>	<b>\$41,863,068</b>

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, 2020

	Investment Trust	Custodial
<u>Additions</u>		
Interest	\$30,570	\$0
Intergovernmental Amounts for Other Governments	0	33,170,857
Amounts Received as Fiscal Agent	0	27,709,320
Licenses, Permits, and Fees for Other Governments	0	20,388,159
Fines and Forfeitures for Other Governments	0	1,064,457
Property Tax Collections for Other Governments	0	68,605,985
Other Local Tax Collections for Other Governments	0	338,324
Special Assessments Collections for Other Governments	0	4,117,072
Sheriff Sales Collections for Others	0	868,571
Other	0	1,211,997
	<u>30,570</u>	<u>157,474,742</u>
<u>Deductions</u>		
Capital Transactions	109,602	0
Distributions to Participants	36,742	0
Distributions to the State of Ohio	0	907,036
Distributions to Other Governments		6,948,769
Distributions of State Funds to Other Governments	0	25,424,472
Distributions as Fiscal Agent	0	25,486,761
Distributions to Individuals	0	820,056
Licenses, Permits, and Fees Distributions to Other Governments	0	19,923,911
Fines and Forfeitures Distributions to Other Governments	0	780,517
Property Tax Distributions to Other Governments	0	69,434,864
Other Local Tax Distributions to Other Governments	0	338,324
Special Assessments Distributions to Other Governments	0	2,908,348
Sheriff Sales Distributions to Others	0	893,836
	<u>146,344</u>	<u>153,866,894</u>
Net Increase (Decrease) in Fiduciary Net Position	(115,774)	3,607,848
Net Position Beginning of Year	<u>5,076,456</u>	<u>38,255,220</u>
Net Position End of Year	<u>\$4,960,682</u>	<u>\$41,863,068</u>

See Accompanying Notes to the Basic Financial Statements

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Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**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 Unit**

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, 2020

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**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  
Combined Allen County General Health District  
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, 2020

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**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, 2020

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**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.



**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.

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.

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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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.

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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 2 - Summary of Significant Accounting Policies** (continued)

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.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

**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.

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, 2020, but which were levied to finance 2021 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, other local taxes, intergovernmental revenue including grants, 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.

**Note 2 - Summary of Significant Accounting Policies** (continued)

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.

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".

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 2 - Summary of Significant Accounting Policies** (continued)

During 2020, the County invested in nonnegotiable and negotiable certificates of deposit, 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 2020, 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 \$100 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 2020 was \$758,519, which includes \$675,935 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.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2020, 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 - Summary of Significant Accounting Policies** (continued)

**J. Capital Assets**

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

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.

**Note 2 - Summary of Significant Accounting Policies** (continued)

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.

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 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**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).

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 2021 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.



**Note 2 - Summary of Significant Accounting Policies** (continued)

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.

**R. Capital Contributions**

Capital contributions arise from contributions 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 2 - Summary of Significant Accounting Policies** (continued)

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**

For 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations". GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

State and federal laws and regulations require the County to go through a decommissioning process if the wastewater treatment facility was to close. Through the decommissioning process, the County would be responsible for remediating any public safety issues associated with the wastewater treatment facility. The asset retirement obligation associated with the County's wastewater treatment facility cannot be estimated at this time.

**Note 4 - Accountability and Compliance**

A. Accountability

At December 31, 2020, the Ditch Construction, Water Projects, Sewer Projects, Slabtown Road, and Elida Road capital projects funds had a deficit fund balance, in the amount of \$1,462,224, \$17,446, \$138,868, \$259,124, and \$83,876, 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.

B. Compliance

At December 31, 2020, the Drug Law Enforcement special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$60,859. The County will review appropriations to ensure they are within available resources.

For the year ended December 31, 2020, the following fund 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	\$27,166	\$27,166

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

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**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).

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	\$6,700,539	\$1,791,081	\$607,122	\$305,979	\$1,250,848
<u>Increase (Decrease) Due To</u>					
Revenue Accruals					
Accrued 2019, Received in Cash 2020	1,823,494	640,566	156,668	451,833	6,332
Accrued 2020, Not Yet Received in Cash	(1,869,360)	(585,363)	(222,132)	(107,943)	(455,212)
Expenditure Accruals					
Accrued 2019, Paid in Cash 2020	(1,056,257)	(338,036)	(631,649)	(357,359)	(337,414)
Accrued 2020, Not Yet Paid in Cash	1,175,518	354,397	420,253	556,460	426,888
Cash Adjustments					
Unrecorded Activity 2019	813,684	69,505	48,630	229,889	132,728
Unrecorded Activity 2020	(908,661)	(84,491)	(69,340)	(248,881)	(464,224)
Prepaid Items	2,646	3,718	8,475	9,878	3,872
Materials and Supplies Inventory	(3,662)	(132,311)	(4,230)	14,522	867
Advances In	5,425,941	0	0	0	0
Advances Out	(2,714,382)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(49,215)	(135,521)	(793,438)	0	0
Budget Basis	<u>\$9,340,285</u>	<u>\$1,583,545</u>	<u>(\$479,641)</u>	<u>\$854,378</u>	<u>\$564,685</u>

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**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;
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;

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 6 - Deposits and Investments** (continued)

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;
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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 6 - Deposits and Investments** (continued)

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, 2020, \$221,441 of the County's total bank balance of \$25,374,561 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.

Investments

As of December 31, 2020, 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	\$13,818,264	\$13,818,264	\$0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	3,302,697	746,515	2,556,182
Net Asset Value Per Share			
STAR Ohio	44,126,410	44,126,410	0
Total Investments	\$61,247,371	\$58,691,189	\$2,556,182

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, 2020. The mutual funds are measured at fair value using quoted market prices (Level 1 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 6 - Deposits and Investments** (continued)

The mutual funds are rated AAA by Moody's. The negotiable certificates of deposit are generally covered by FDIC insurance. 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
Negotiable Certificates of Deposit	\$3,302,697	5.39%

**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, 2020

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$82,237,662
Accrued Interest Receivable	15,924
Total Assets	\$82,253,586
 <u>Net Position Held in Trust for Pool Participants</u>	
Internal Portion	\$77,292,904
External Portion	4,960,682
Total Net Position Held in Trust for Pool Participants	\$82,253,586

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 7 - Investment Pool** (continued)

Statement of Changes in Net Position  
December 31, 2020

<u>Revenues</u>	
Interest	\$809,254
<u>Expenses</u>	
Operating Expenses	0
Net Increase Resulting from Operations	809,254
Distributions to Participants	(980,094)
Capital Transactions	14,893,510
Total Increase in Net Position	14,722,670
Net Position Beginning of Year	67,530,916
Net Position End of Year	\$82,253,586

**Investments**

As of December 31, 2020, the County's investment pool had the following investments:

Measurement/Investment	Measurement	Investment Maturities (in Years)	
	Amount	Less Than 1	1-5
Fair Value (Level 1 Inputs)			
Mutual Funds	\$13,818,264	\$13,818,264	\$0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	3,302,697	746,515	2,556,182
Net Asset Value Per Share			
STAR Ohio	44,126,410	44,126,410	0
Total Investments	\$61,247,371	\$58,691,189	\$2,556,182



Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**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, 2020. The mutual funds are measured at fair value using quoted market prices (Level 1 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 mutual funds are rated AAA by Moody's. The negotiable certificates of deposit are generally covered by FDIC insurance. 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
Negotiable Certificates of Deposit	\$3,302,697	5.39%

**Note 8 - Receivables**

Receivables at December 31, 2020, 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; 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.

Notes receivable, in the amount of \$364,795, will not be received within one year. Special assessments receivable, in the amount of \$1,940,675 will not be received within one year. At December 31, 2020, the amount of delinquent special assessments was \$313,992.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 8 - Receivables** (continued)

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-four 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 2020 follows:

	Balance January 1, 2020	New Loans	Repayments	Balance December 31, 2020
Special Revenue Funds				
Revolving Loan Fund				
Housing Assistance Program	\$319,783	\$0	\$110,075	\$209,708
Community Development Block Grant	265,770	0	40,891	224,879
Total Revolving Loan Fund	585,553	0	150,966	434,587
Craft Educational Trust Fund Scholarships	13,520	0	13,520	0
	599,073	\$0	\$164,486	434,587
Less Allowance for Uncollectible Accounts				25,606
				\$408,981

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	\$532,460
Homestead and Rollback	186,552
Indigent Defense	132,463
Bureau of Workers' Compensation	7,527
Total General Fund	859,002

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 8 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Motor Vehicle and Gasoline Tax	
Gasoline Tax	\$1,495,135
Motor Vehicle License Fees	1,264,033
State of Ohio Environmental Protection Agency	78,008
Charges for Services	100,842
Total Motor Vehicle and Gasoline Tax	2,938,018
Job and Family Services	
Department of Job and Family Services	411,871
Bureau of Workers' Compensation	840
Total Job and Family Services	412,711
Developmental Disabilities	
Department of Education	119,157
State of Ohio	176,757
Homestead and Rollback	278,048
Personal Property Phase Out	25,804
Charges for Services	57,996
Total Developmental Disabilities	657,762
Children Services	
Department of Education	704,066
Homestead and Rollback	121,812
Total Children Services	825,878
Total Major Funds	5,693,371
Nonmajor Funds	
Dog and Kennel	
State of Ohio	2,500
Drug Law Enforcement	
Department of Public Safety	7,948
Sheriff's Grants	279,183
Total Drug Law Enforcement	287,131
Child Support Enforcement Agency	
Child Support Enforcement	47,689
State of Ohio	39,049
Total Child Support Enforcement Agency	86,738
Law Library	
City of Lima	12,505
Felony Care and Subsidy	
Ohio Department of Youth Services	138,223
Adult Probation Grant	
Ohio Department of Rehabilitation and Correction	627,722
Emergency Management Agency	
Emergency Management Grants	23,598
Future Debt Service	
Homestead and Rollback	84,795
Sewer Projects	
City of Lima	9,387
Allen County Port Authority	38,744
Total Sewer Projects	48,131

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 8 - Receivables** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Marimor Permanent Improvement	
Homestead and Rollback	\$24,178
Personal Property Phase Out	2,244
Total Marimor Permanent Improvement	26,422
Building and Expansion	
Casino Tax	610,532
Total Nonmajor Funds	1,948,297
Total Governmental Activities	\$7,641,668
Custodial Funds	
Local Government	\$1,467,832
Library Local Government	1,847,068
Gasoline Tax	758,774
Motor Vehicle License Fees	427,633
Total Custodial Funds	\$4,501,307

**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 2020 represent the collection of 2019 taxes. Real property taxes received in 2020 were levied after October 1, 2019, on the assessed values as of January 1, 2019, 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 2020 represent the collection of 2019 taxes. Public utility real and tangible personal property taxes received in 2020 became a lien on December 31, 2018, were levied after October 1, 2019, 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, 2020

**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, 2020, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2020 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, 2020, was \$11.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

Real Property	
Residential	\$1,293,310,880
Agriculture	201,995,950
Commercial/Industrial/Mineral	433,653,230
Public Utility Property	
Real	1,031,440
Personal	172,681,900
Total Assessed Value	\$2,102,673,400

**Note 11 - Capital Assets**

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$3,929,515	\$0	\$0	\$3,929,515
Construction in Progress	765,139	1,816,003	(690,417)	1,890,725
Total Nondepreciable Capital Assets	4,694,654	1,816,003	(690,417)	5,820,240
Depreciable Capital Assets				
Buildings and Improvements	76,161,287	995,416	0	77,156,703
Machinery and Equipment	3,085,439	175,746	(25,954)	3,235,231
Vehicles	4,080,509	992,396	(279,699)	4,793,206
Furniture, Fixtures, and Equipment	5,477,412	332,200	(108,627)	5,700,985
Roads	34,602,457	447,107	0	35,049,564
Bridges	34,503,122	233,242	0	34,736,364
Infrastructure	0	457,910	(457,910)	0
Total Depreciable Capital Assets	157,910,226	3,634,017	(872,190)	160,672,053

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 11 - Capital Assets** (continued)

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
<b>Governmental Activities (continued)</b>				
Less Accumulated Depreciation for				
Buildings and Improvements	(\$42,039,341)	(\$1,689,942)	\$0	(\$43,729,283)
Machinery and Equipment	(1,941,372)	(124,632)	25,954	(2,040,050)
Vehicles	(2,871,392)	(370,035)	279,699	(2,961,728)
Furniture, Fixtures, and Equipment	(3,906,143)	(306,219)	101,385	(4,110,977)
Roads	(19,697,442)	(1,556,986)	0	(21,254,428)
Bridges	(12,364,525)	(728,538)	0	(13,093,063)
Total Accumulated Depreciation	<u>(82,820,215)</u>	<u>(4,776,352)</u>	<u>407,038</u>	<u>(87,189,529)</u>
Total Depreciable Capital Assets, Net	<u>75,090,011</u>	<u>(1,142,335)</u>	<u>(465,152)</u>	<u>73,482,524</u>
Governmental Activities Capital Assets, Net	<u>\$79,784,665</u>	<u>\$673,668</u>	<u>(\$1,155,569)</u>	<u>\$79,302,764</u>
	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
<b>Business-Type Activity</b>				
Nondepreciable Capital Assets				
Land	\$51,219	\$0	\$0	\$51,219
Construction in Progress	0	285,349	0	285,349
Total Nondepreciable Capital Assets	<u>51,219</u>	<u>285,349</u>	<u>0</u>	<u>336,568</u>
Depreciable Capital Assets				
Buildings and Improvements	3,551,806	0	0	3,551,806
Machinery, Equipment, and Vehicles	2,914,009	650,190	(284,629)	3,279,570
Infrastructure	80,247,771	532,363	0	80,780,134
Total Depreciable Capital Assets	<u>86,713,586</u>	<u>1,182,553</u>	<u>(284,629)</u>	<u>87,611,510</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(1,419,262)	(101,480)	0	(1,520,742)
Machinery, Equipment, and Vehicles	(1,988,762)	(166,015)	284,629	(1,870,148)
Infrastructure	(37,792,760)	(2,082,569)	0	(39,875,329)
Total Accumulated Depreciation	<u>(41,200,784)</u>	<u>(2,350,064)</u>	<u>284,629</u>	<u>(43,266,219)</u>
Total Depreciable Capital Assets, Net	<u>45,512,802</u>	<u>(1,167,511)</u>	<u>0</u>	<u>44,345,291</u>
Business-Type Activity Capital Assets, Net	<u>\$45,564,021</u>	<u>(\$882,162)</u>	<u>\$0</u>	<u>\$44,681,859</u>

Business-type activities accepted a contribution of capital assets from governmental activities, in the amount of \$457,910.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 11 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	\$575,455
Judicial	317,959
Public Safety	360,843
Public Works	2,506,142
Health	218,906
Human Services	335,432
Conservation and Recreation	461,615
Total Depreciation Expense - Governmental Activities	\$4,776,352

**Note 12 - Interfund Receivables/Payables**

Interfund balances at December 31, 2020, consisted of the following receivables and payables:

Due to General Fund from:	
Motor Vehicle and Gasoline Tax	\$20,672
Job and Family Services	35,345
Developmental Disabilities	39,525
Children Services	23,609
Ditch Construction	2,783,222
Other Governmental	768,408
Sewer	15,525
Total Due to General Fund	\$3,686,306
Due to Motor Vehicle and Gasoline Tax Fund from:	
General	\$589
Other Governmental	872
Sewer	3,310
Total Due to Motor Vehicle and Gasoline Tax Fund	\$4,771
Due to Job and Family Services Fund from:	
Children Services	\$106,620
Due to Children Services Fund from:	
Job and Family Services	16,545
Developmental Disabilities	4,039
Total Due to Children Services Fund	\$20,584
Due to Other Governmental Funds from:	
Other Governmental	\$211,960

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 12 - Interfund Receivables/Payables** (continued)

Due to Sewer Fund from:	
Motor Vehicle and Gasoline Tax	\$5,454
Other Governmental	394,616
Total Due to Sewer Fund	\$400,070

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 \$3,134,457 to the General Fund, \$200,000 to other governmental funds, and \$394,616 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 2020, 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	327,609,208
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



Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 13 - Risk Management** (continued)

There has been no significant reduction in insurance coverage from 2019 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

**Note 14 - Construction and Other Significant Commitments**

The County had various outstanding contracts at December 31, 2020. The following amounts remain on these contracts.

Vendor	Outstanding Balance
All Phase Electric Supply Company	\$25,823
Allen County Child Support	50,000
Allen County Children's Board	461,218
Allen County Juvenile Court	167,506
Bullock Home Care	69,257
Degen Excavating Company	1,075,144
Fabcor, Inc.	109,229
Great Lakes Community Action	20,000
K&P Medical Transport LTD	16,069
Kalida Truck Equipment, Inc.	86,900
Kohli & Kaliher Association LTD, Inc.	167,188
Kuhlman Builders, Inc.	103,800
Lexur Enterprises	159,606
Liebrecht Excavating	45,152
MS Consultants	916,083
Peterson Construction	54,000
Sidney Electric	623,400
Transportation Services Corporation	160,778

At year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in 2021 are as follows:

General Fund	\$49,215
Motor Vehicle and Gasoline Tax Fund	135,521
Job and Family Services Fund	793,438
Ditch Construction	947,905
Other Governmental Funds	1,504,670
	\$3,430,749

**Note 15 - Defined Benefit Pension Plans**

The Statewide retirement systems provides 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, 2020

**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. Participating employers are divided into state, local, public safety, and law enforcement divisions. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional 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 Comprehensive Annual Financial Report referenced above for additional information including requirements for reduced and unreduced benefits.)

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 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	<b>Traditional Plan Formula:</b> 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	<b>Traditional Plan Formula:</b> 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
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 15 - Defined Benefit Pension Plans** (continued)

<b>Group A</b> Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other groups and members hired on or after January 7, 2013
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 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	<b>Traditional Plan Formula:</b> 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	<b>Traditional Plan Formula:</b> 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

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 who retired prior to January 7, 2013, the COLA is 3 percent. 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 15 - Defined Benefit Pension Plans** (continued)

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.

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

	State and Local	Public Safety	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
 <b>2020 Actual Contribution Rates</b>			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

\* 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.

**Note 15 - Defined Benefit Pension Plans** (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2020, the County's contractually required contribution was \$4,819,305 for the traditional plan, \$151,749 for the combined plan, and \$101,495 for the member-directed plan. Of these amounts, \$556,108 is reported as an intergovernmental payable for the traditional plan, \$17,175 for the combined plan, and \$9,647 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](http://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.

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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 15 - Defined Benefit Pension Plans** (continued)

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 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2020, the full employer contribution rate was allocated to pension.

The County's contractually required contribution to STRS was \$26,742 for 2020; Of this amount, \$1,069 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, 2019, and the net pension liability for STRS was measured as of June 30, 2020. 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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 15 - Defined Benefit Pension Plans** (continued)

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	0.23154936%	0.21727692%	0.00179762%	
Prior Measurement Date	<u>0.24113735%</u>	<u>0.20995425%</u>	<u>0.00286235%</u>	
Change in Proportionate Share	<u>0.00958799%</u>	<u>0.00732267%</u>	<u>0.00106473%</u>	
Proportionate Share				
Net Pension Liability	\$45,767,306	\$0	\$434,960	\$46,202,266
Net Pension Asset	\$0	\$453,077	\$0	\$453,077
Pension Expense	\$5,866,468	\$52,293	(\$201,598)	\$5,717,163

Pension expense for the member-directed defined contribution plan was \$101,495 for 2020. The aggregate pension expense for all pension plans was \$5,818,658 for 2020.

At December 31, 2020, 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
<b>Deferred Outflows of Resources</b>				
Difference Between Expected and Actual Experience	\$0	\$0	\$976	\$976
Changes of Assumptions	2,444,510	46,717	23,349	2,514,576
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	0	21,152	21,152
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	0	3,553	0	3,553
County Contributions Subsequent to the Measurement Date	<u>4,819,305</u>	<u>151,749</u>	<u>12,658</u>	<u>4,983,712</u>
Total Deferred Outflows of Resources	<u>\$7,263,815</u>	<u>\$202,019</u>	<u>\$58,135</u>	<u>\$7,523,969</u>
<b>Deferred Inflows of Resources</b>				
Difference Between Expected and Actual Experience	\$578,661	\$106,368	\$2,781	\$687,810
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,129,548	58,766	0	9,188,314
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	<u>1,413,689</u>	<u>7,478</u>	<u>471,321</u>	<u>1,892,488</u>
Total Deferred Inflows of Resources	<u>\$11,121,898</u>	<u>\$172,612</u>	<u>\$474,102</u>	<u>\$11,768,612</u>



Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 15 - Defined Benefit Pension Plans** (continued)

\$4,983,712 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 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Year Ending December 31,	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
2021	(\$2,030,808)	(\$29,278)	(\$272,424)	(\$2,332,510)
2022	(3,399,602)	(28,175)	(73,101)	(3,500,878)
2023	378,053	(11,789)	(48,819)	317,445
2024	(3,625,031)	(33,303)	(34,281)	(3,692,615)
2025	0	(6,545)	0	(6,545)
Thereafter	0	(13,252)	0	(13,252)
<b>Total</b>	<b>(\$8,677,388)</b>	<b>(\$122,342)</b>	<b>(\$428,625)</b>	<b>(\$9,228,355)</b>

**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, 2019, 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, 2019, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
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	1.4 percent simple through 2020, then 2.15 percent simple	1.4 percent simple through 2020, 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 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 3 percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

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**Note 15 - Defined Benefit Pension Plans** (continued)

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.

During 2019, 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 17.2 percent for 2019.

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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. Each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	

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**Note 15 - Defined Benefit Pension Plans** (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.2 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.

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	\$75,485,091	\$45,767,306	\$19,051,881
OPERS Combined Plan	(\$273,769)	(\$453,077)	(\$582,302)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the July 1, 2020, 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.

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**Note 15 - Defined Benefit Pension Plans** (continued)

Actuarial assumptions used in the July 1, 2020, valuation are based on the results of an actuarial experience study effective for the period July 1, 2011, through June 30, 2016.

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
	<u>100.00%</u>	

\*\* 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, 2020. 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, 2020. 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, 2020.

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	\$619,307	\$434,960	\$278,741

**Note 16 - Defined Benefit OPEB Plans**

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

**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 separation, 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 GASB Statement No. 75. (See the OPERS Comprehensive Annual Financial Report 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional and combined plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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. For 2020, OPERS did not allocate any employer contributions to health care for members in the traditional and combined 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 2020.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$34,102 for 2020. Of this amount, \$3,859 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](http://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 2020, 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, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2020, 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. Following is information related to the proportionate share and OPEB expense.

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**Note 16 - Defined Benefit OPEB Plans** (continued)

	OPERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.22683696%	0.00179762%	
Prior Measurement Date	0.23593620%	0.00286235%	
Change in Proportionate Share	<u>0.00909924%</u>	<u>0.00106473%</u>	
Proportionate Share			
Net OPEB Liability	\$31,332,077	\$0	\$31,332,077
Net OPEB Asset	0	31,593	31,593
OPEB Expense	2,615,909	(5,549)	2,610,360

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Difference Between Expected and Actual Experience	\$840	\$2,024	\$2,864
Changes of Assumptions	4,959,535	522	4,960,057
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	0	1,107	1,107
County Contributions Subsequent to the Measurement Date	34,102	0	34,102
Total Deferred Outflows of Resources	<u>\$4,994,477</u>	<u>\$3,653</u>	<u>\$4,998,130</u>
<b>Deferred Inflows of Resources</b>			
Difference Between Expected and Actual Experience	\$2,865,463	\$6,293	\$2,871,756
Changes of Assumptions	0	30,008	30,008
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,595,421	0	1,595,421
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	826,862	15,614	842,476
Total Deferred Inflows of Resources	<u>\$5,287,746</u>	<u>\$51,915</u>	<u>\$5,339,661</u>

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**Note 16 - Defined Benefit OPEB Plans** (continued)

\$34,102 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 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

Year Ending December 31,	OPERS	STRS	Total
2021	\$260,520	(\$11,829)	\$248,691
2022	92,578	(11,080)	81,498
2023	1,269	(10,817)	(9,548)
2024	(681,738)	(10,655)	(692,393)
2025	0	(2,107)	(2,107)
Thereafter	0	(1,774)	(1,774)
Total	(\$327,371)	(\$48,262)	(\$375,633)

**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, 2018, rolled forward to the measurement date of December 31, 2019. 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	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10 percent initial
	3.5 percent ultimate in 2030
Prior Measurement Date	7.25 percent initial
	3.25 percent ultimate in 2029
Actuarial Cost Method	individual entry age



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**Note 16 - Defined Benefit OPEB Plans** (continued)

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.

During 2019, 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, if any contributions are made into the plan, contributions 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 19.7 percent for 2019.

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 benefit pension plans. Health care is a discretionary benefit. 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. Each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2019, is summarized in the following table.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00 %	

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**Note 16 - Defined Benefit OPEB Plans** (continued)

Discount Rate - A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate.

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
County's Proportionate Share of the Net OPEB Liability	\$41,003,049	\$31,332,077	\$23,588,775

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.

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**Note 16 - Defined Benefit OPEB Plans** (continued)

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 2020 is 10.5 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 3.5 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	\$30,407,494	\$31,332,077	\$32,244,874

**Changes Between the Measurement Date and the Reporting Date**

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for pre-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2020, 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 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5percent initial, 4 percent ultimate
Medicare	11.87percent initial, 4 percent ultimate

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

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**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, 2020, 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 updated to reflect the projected fiscal year ending June 30, 2021, premium based on the June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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, 2020. 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, 2020. 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, 2020.

**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, 2020, 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	\$27,488	\$31,593	\$35,076
	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability Asset	\$34,860	\$31,593	\$27,614

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**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, 2020, was as follows:

	Interest Rate	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental Activities						
Special Assessment Notes from Direct Placement						
Ditch Improvement	2.275%	\$36,595	\$0	\$36,595	\$0	\$0
General Obligation Bonds from Direct Placement						
2013 Airport Improvement						
(Original Amount \$388,668)	2.29	97,170	0	48,583	48,587	48,587
Special Assessment Bonds with Government Commitment						
2005 Delmar/Glenn Sewer						
(Original Amount \$342,600)	3.0 - 5.0	117,300	0	20,300	97,000	25,300
2005 Trebor Drive Waterline						
(Original Amount \$11,000)	3.0 - 5.0	3,700	0	700	3,000	700
2005 Southwood Waterline						
(Original Amount \$71,000)	3.0 - 5.0	16,000	0	5,000	11,000	5,000
2005 Berryman Waterline						
(Original Amount \$133,000)	3.0 - 5.0	38,000	0	9,000	29,000	9,000
2005 Oakview Project						
(Original Amount \$805,000)	3.0 - 5.0	270,000	0	50,000	220,000	50,000
2006 Bond Premium						
		54,515	0	9,084	45,431	0
Total Special Assessment Bonds		499,515	0	94,084	405,431	90,000

(continued)

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**Note 18 - Long-Term Obligations** (continued)

	Interest Rate	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Governmental Activities (continued)						
OPWC Loans from Direct Borrowings						
Second						
(Original Amount \$188,611)	0.00%	\$42,439	\$0	\$4,717	\$37,722	\$4,715
Eastown 1						
(Original Amount \$995,670)	0.00	298,703	0	24,894	273,809	24,892
Eastown 2						
(Original Amount \$135,232)	0.00	47,330	0	3,380	43,950	3,381
Eastown 4						
(Original Amount \$684,638)	0.00	359,436	0	17,117	342,319	17,116
Road Resurfacing						
(Original Amount \$345,518)	0.00	164,120	0	8,637	155,483	8,638
Shawnee Road						
(Original Amount \$500,000)	0.00	430,000	0	10,000	420,000	10,000
Hume Road						
(Original Amount \$65,000)	0.00	55,900	0	1,300	54,600	1,300
Zurmehly Road Bridge						
(Original Amount \$190,192)	0.00	161,662	0	4,754	156,908	4,755
Kill Road Reconstruction						
(Original Amount \$45,375)	0.00	40,837	0	1,134	39,703	1,134
Total OPWC Loans		1,600,427	0	75,933	1,524,494	75,931
OWDA Loans from Direct Borrowings						
Lutz/Early						
(Original Amount \$718,512)	1.00	230,794	0	37,513	193,281	37,889
4 <sup>th</sup> /Bowman						
(Original Amount \$437,856)	0.00	131,358	0	21,894	109,464	21,893
Perry Schools Sewer						
(Original Amount \$482,944)	3.42	267,436	0	25,847	241,589	26,738
Findlay Rd						
(Original Amount \$429,009)	3.42	223,117	0	24,695	198,422	25,545
Westminister						
(Original Amount \$3,451,817)	0.00	1,939,840	0	168,682	1,771,158	168,682
Indian Village Mobile Home Park						
(Original Amount \$375,581)	3.74	305,969	0	15,537	290,432	16,124
Total OWDA Loans		3,098,514	0	294,168	2,804,346	296,871

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 18 - Long-Term Obligations** (continued)

	Interest Rate	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
<b>Governmental Activities (continued)</b>						
Net Pension Liability						
Ohio Public Employees Retirement System		\$62,934,742	\$0	\$19,346,835	\$43,587,907	\$0
State Teachers Retirement System		632,990	0	198,030	434,960	0
Total Net Pension Liability		<u>63,567,732</u>	<u>0</u>	<u>19,544,865</u>	<u>44,022,867</u>	<u>0</u>
Net OPEB Liability						
Ohio Public Employees Retirement System		29,312,958	527,117	0	29,840,075	0
Capital Loans Payable from Direct Borrowings		636,268	0	12,200	624,068	6,200
Capital Leases Payable		7,574,667	0	304,000	7,270,667	278,667
Compensated Absences Payable		3,127,500	607,217	359,752	3,374,965	1,501,942
Total Governmental Activities		<u>\$109,551,346</u>	<u>\$1,134,334</u>	<u>\$20,770,180</u>	<u>\$89,915,500</u>	<u>\$2,298,198</u>
<b>Business-Type Activity</b>						
OWDA Loans from Direct Borrowings						
American II (Original Amount \$9,311,017)	1.00%	\$4,420,406	\$0	\$471,788	\$3,948,618	\$476,518
Bath SSO (Original Amount \$636,518)	1.00	334,118	0	31,931	302,187	32,252
Ottawa River Sewer Inceptor (Original Amount \$3,318,241)	3.65	2,698,523	0	137,969	2,560,554	143,051
Shawnee II WWTP, Pump Station (Original Amount \$15,589,221)	3.45-3.95	10,586,389	0	522,983	10,063,406	541,670
Total OWDA Loans		<u>18,039,436</u>	<u>0</u>	<u>1,164,671</u>	<u>16,874,765</u>	<u>1,193,491</u>
Net Pension Liability						
Ohio Public Employees Retirement System		3,107,891	0	928,492	2,179,399	0
Net OPEB Liability						
Ohio Public Employees Retirement System		1,447,553	44,449	0	1,492,002	0
Capital Leases Payable		57,664	379,948	137,874	299,738	71,852
Compensated Absences Payable		286,179	23,012	26,334	282,857	116,144
Total Business-Type Activities		<u>\$22,938,723</u>	<u>\$447,409</u>	<u>\$2,257,371</u>	<u>\$21,128,761</u>	<u>\$1,381,487</u>

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**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 had an interest rate of 2.275 percent and matured on September, 25, 2020.

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, 2020

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**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 \$1,524,494, principal and interest remaining to be paid on the OWDA loans is \$2,804,346 and \$153,625, respectively. The OPWC loans are payable through 2041 and the OWDA loans are payable through 2035.

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 \$16,874,765 and \$3,811,603, respectively. Principal and interest paid in the Sewer enterprise fund for the current year were \$1,276,559 and \$514,215, respectively. Total net revenues for the Sewer enterprise fund were \$3,119,561. The OWDA loans are payable through 2035.

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, Prosecutor, 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 including 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, 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 \$46,624,364 and an unvoted debt margin of \$16,584,263.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**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
2021	\$48,587	\$1,128	\$90,000	\$15,300	\$75,931
2022	0	0	95,000	11,475	151,862
2023	0	0	90,000	7,438	151,862
2024	0	0	85,000	3,612	151,862
2025	0	0	0	0	147,146
2026-2030	0	0	0	0	484,099
2031-2035	0	0	0	0	189,006
2036-2040	0	0	0	0	138,826
2041	0	0	0	0	33,900
	<u>\$48,587</u>	<u>\$1,128</u>	<u>\$360,000</u>	<u>\$37,825</u>	<u>\$1,524,494</u>

Year	OWDA Loans From Direct Borrowings		Capital Loans From Direct Borrowings	
	Principal	Interest	Principal	Interest
2021	\$296,871	\$27,156	\$6,200	\$8,581
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	308,585	15,442	13,800	15,817
2026-2030	1,107,975	38,170	74,900	73,138
2031-2035	183,191	8,498	86,000	62,165
2036-2040	0	0	98,500	49,587
2041-2045	0	0	113,000	35,166
2046-2050	0	0	129,500	18,638
2051-2053	0	0	62,868	2,379
	<u>\$2,804,346</u>	<u>\$153,625</u>	<u>\$624,068</u>	<u>\$315,119</u>

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**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
2021	\$1,193,491	\$485,394
2022	1,223,219	455,667
2023	1,253,885	425,001
2024	1,285,522	393,364
2025	1,318,165	360,721
2026-2030	6,045,525	1,284,079
2031-2035	4,554,958	407,377
	\$16,874,765	\$3,811,603

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, 2020, \$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, 2020, \$152,315,000, \$124,970,000, \$85,750,000, and \$80,750,000, 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, 2020, \$100,000,000 and \$256,360,000, 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, 2020, \$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, 2020

**Note 19 - Capital Leases**

The County has entered into capitalized leases for buildings and machinery and equipment. 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 2020 were \$304,000 for governmental funds and \$137,874 for the enterprise fund.

	Governmental Activities	Business-Type Activity
Building	\$7,600,000	\$0
Equipment	0	469,948
Less Accumulated Depreciation	(434,286)	(3,264)
Carrying Value, December 31, 2020	\$7,165,714	\$466,684

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, 2020.

	Governmental	Business Type Activity	
	Activities	Principal	Interest
Year	Principal	Principal	Interest
2021	\$278,667	\$71,852	\$8,391
2022	304,000	73,864	6,379
2023	304,000	75,932	4,311
2024	304,000	78,090	2,153
2025	304,000	0	0
2026-2030	1,520,000	0	0
2031-2035	1,520,000	0	0
2036-2040	1,520,000	0	0
2041-2044	1,216,000	0	0
	\$7,270,667	\$299,738	\$21,234

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 20 - Interfund Transfers**

During 2020, the General Fund made transfers to the Job and Family Services special revenue fund, the Ditch Construction capital projects fund, and to other governmental funds, in the amount of \$383,515, \$46,395, and \$253,294, 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 \$61,270, for road construction activities. The Ditch Construction capital projects fund made transfers to other governmental funds, in the amount of \$29 for ditch maintenance. Other governmental funds made transfers of \$3,557,298; \$3,551,599 to other governmental funds to make debt payments when due and \$5,699 to the Sewer enterprise fund for construction activities. The Sewer enterprise fund made transfers to the other governmental funds, in the amount of \$141,503 to make debt payments when due.

**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	\$3,134,457	\$0	\$0	\$0
Prepaid Items	274,779	20,672	36,133	39,525
Materials and Supplies		585,884		
Inventory	49,516		18,925	54,487
Unclaimed Monies	198,537	0	0	0
Total Nonspendable	<u>3,657,289</u>	<u>606,556</u>	<u>55,058</u>	<u>94,012</u>
Restricted for:				
Developmental Disabilities				
Operations	0	0	0	12,133,870
Job and Family Services				
Operations	0	0	1,481,257	0
Road and Bridge Repair/ Improvement	0	3,806,983	0	0
Total Restricted	<u>0</u>	<u>3,806,983</u>	<u>1,481,257</u>	<u>12,133,870</u>

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 21 - Fund Balance** (continued)

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Assigned for:				
Airport	\$1,574	\$0	\$0	\$0
Clerk of Courts	574,643	0	0	0
Drug Court	16,498	0	0	0
Economic Development	240,887	0	0	0
Probate Court	584	0	0	0
Projected Budget Shortage	4,948,261	0	0	0
Recorder Equipment	49,952	0	0	0
Title Administration	1,009,977	0	0	0
Unpaid Obligations	49,215	0	0	0
Total Assigned	<u>6,891,591</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned	11,136,579	0	0	0
Total Fund Balance	<u>\$21,685,459</u>	<u>\$4,413,539</u>	<u>\$1,536,315</u>	<u>\$12,227,882</u>

Fund Balance	Children Services	Ditch Construction	Other Governmental Funds
Nonspendable for:			
Prepaid Items	\$23,609	\$0	\$32,168
Materials and Supplies Inventory	3,746	0	0
Total Nonspendable	<u>27,355</u>	<u>0</u>	<u>32,168</u>
Restricted for:			
Board of Elections	0	0	33,579
Child Support Enforcement	0	0	754,520
Children Services	4,026,633	0	0
Civic Center	0	0	749,581
Court Operations	0	0	2,021,711
Crime Victim Assistance	0	0	1,117
Debt Retirement	0	0	569,319
Delinquent Tax Collections	0	0	65,759
Ditch Maintenance	0	0	1,231,296
Dog and Kennel Operations	0	0	455,545
Economic Development and Rehabilitation	0	0	1,947,209
Emergency Management Agency	0	0	31,801
Family Counseling	0	0	6,166
Foreign Trade Zone	0	0	3,258

(continued)

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 21 - Fund Balance** (continued)

Fund Balance	Children Services	Ditch Construction	Other Governmental Funds
Restricted for (continued):			
Law Library Operations	\$0	\$0	\$448,852
Permanent Improvements	0	0	2,295,934
Real Estate Assessments	0	0	2,570,658
Scholarships	0	0	28,429
Sheriff Operations	0	0	715,162
Tax Abatement	0	0	14,578
Wellness	0	0	6,752
Total Restricted	<u>4,026,633</u>	<u>0</u>	<u>13,951,226</u>
Assigned for:			
Permanent Improvements	<u>0</u>	<u>0</u>	<u>4,813</u>
Unassigned (Deficit)	<u>0</u>	<u>(1,462,224)</u>	<u>(499,314)</u>
Total Fund Balance (Deficit)	<u>\$4,053,988</u>	<u>(\$1,462,224)</u>	<u>\$13,488,893</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, 2020, was \$2,466,980.

**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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 22 - Joint Ventures** (continued)

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, 2020, this lease has not been executed.

**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.



Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

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**Note 23 - Jointly Governed Organizations** (continued)

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 2020, 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.

**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.

**Note 23 - Jointly Governed Organizations** (continued)

**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.

**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 2020, this allocation was \$58,695.

**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.

Allen County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2020

**Note 26 - LODDI** (continued)

**B. Deposits and Investments**

At December 31, 2020, the carrying amount of deposits was \$24,734. 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 \$57,522 and mutual funds, in the amount of \$11,023. 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 \$136,546 and \$1,767,818, respectively, as of December 31, 2020. Accumulated depreciation was \$589,510, with a net capital asset amount of \$1,314,854. Depreciation is computed using the straight-line method over a useful life of forty years.

**D. Long-Term Obligations**

	Interest Rate	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Mortgage Notes Payable	5.625%	\$73,316	\$0	\$3,348	\$69,968	\$3,611

**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, 2020, the carrying amount of deposits was \$424,316. 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.

**Note 27 - Allen County Land Reutilization Corporation** (continued)

**C. Property Held for Resale**

Property held for resale is recorded at cost, which totaled \$2,712,887 as of December 31, 2020. 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.

**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, 2020, to December 31, 2020, 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 - Covid-19**

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 continuing emergency measures may impact subsequent periods of the City. The City’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact of the City’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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 Seven Years (1)

	2020	2019	2018	2017
County's Proportion of the Net Pension Liability	0.23154936%	0.24113735%	0.24392450%	0.25652166%
County's Proportionate Share of the Net Pension Liability	\$45,767,306	\$66,042,633	\$38,267,025	\$58,180,708
County's Covered Payroll	\$31,883,423	\$31,580,022	\$31,488,073	\$31,433,836
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	143.55%	209.13%	121.53%	185.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

(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

2016	2015	2014
0.26640800%	0.27637600%	0.27637600%
\$46,145,222	\$33,334,034	\$32,581,130
\$33,225,588	\$32,790,592	\$37,870,469
138.88%	101.66%	86.03%
81.08%	86.45%	86.36%

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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 Three Years (1)

	2020	2019	2018
County's Proportion of the Net Pension Asset	0.21727692%	0.20995425%	0.21070735%
County's Proportionate Share of the Net Pension Asset	\$453,077	\$234,778	\$286,843
County's Covered Payroll	\$978,736	\$893,036	\$873,108
County's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	46.29%	26.29%	32.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	145.28%	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 Eight Years (1)

	2020	2019	2018	2017
County's Proportion of the Net Pension Liability	0.00179762%	0.00286235%	0.00329680%	0.00380363%
County's Proportionate Share of the Net Pension Liability	\$434,960	\$632,990	\$724,892	\$903,561
County's Covered Payroll	\$216,943	\$336,050	\$374,793	\$418,164
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.50%	188.36%	193.41%	216.08%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

(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

2016	2015	2014	2013
0.00732584%	0.00678598%	0.00727737%	0.00727737%
\$2,452,182	\$1,875,444	\$1,770,107	\$2,108,541
\$770,821	\$708,007	\$800,746	\$780,192
318.13%	264.89%	221.06%	270.26%
66.80%	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 Four Years (1)

	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability	0.22683696%	0.23593620%	0.23867150%	0.25107700%
County's Proportionate Share of the Net OPEB Liability	\$31,332,077	\$30,760,511	\$25,917,968	\$25,359,630
County's Covered Payroll	\$33,604,384	\$33,237,483	\$33,131,281	\$33,050,769
County's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	93.24%	92.55%	78.23%	76.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	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 Four Fiscal Years (1)

	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability (Asset)	0.00179762%	0.00286235%	0.00329680%	0.00380363%
County's Proportionate Share of the Net OPEB Liability (Asset)	(\$31,593)	(\$47,408)	(\$52,977)	\$148,404
County's Covered Payroll	\$336,050	\$374,793	\$418,164	\$770,821
County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-9.40%	-12.65%	-12.67%	19.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	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 Eight Years (1) (2)

	2020	2019	2018	2017
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$4,819,305	\$4,614,086	\$4,560,770	\$4,226,933
Contributions in Relation to the Contractually Required Contribution	<u>(4,819,305)</u>	<u>(4,614,086)</u>	<u>(4,560,770)</u>	<u>(4,226,933)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$33,297,133	\$31,883,423	\$31,580,022	\$31,488,073
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.42%</u>
<b>Net Pension Asset - Combined Plan</b>				
Contractually Required Contribution	\$151,749	\$137,023	\$125,025	\$113,504
Contributions in Relation to the Contractually Required Contribution	<u>(151,749)</u>	<u>(137,023)</u>	<u>(125,025)</u>	<u>(113,504)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$1,083,921	\$978,736	\$893,036	\$873,108
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>				
Contractually Required Contribution	\$34,102	\$29,689	\$30,577	\$355,423
Contributions in Relation to the Contractually Required Contribution	<u>(34,102)</u>	<u>(29,689)</u>	<u>(30,577)</u>	<u>(355,423)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll (3)	\$35,233,604	\$33,604,384	\$33,237,483	\$33,131,281
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>0.04%</u>	<u>0.04%</u>	<u>1.02%</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$3,907,021	\$4,122,098	\$4,073,325	\$5,063,631
<u>(3,907,021)</u>	<u>(4,122,098)</u>	<u>(4,073,325)</u>	<u>(5,063,631)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$31,433,836	\$33,225,588	\$32,790,592	\$37,870,469
<u>12.43%</u>	<u>12.41%</u>	<u>12.42%</u>	<u>13.37%</u>
\$101,842	\$106,915	\$92,896	\$90,497
<u>(101,842)</u>	<u>(106,915)</u>	<u>(92,896)</u>	<u>(90,497)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$848,683	\$890,958	\$774,133	\$696,131
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$676,381			
<u>(676,381)</u>			
<u>\$0</u>			
\$33,050,769			
<u>2.04%</u>			

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$26,742	\$40,116	\$48,994	\$22,603
Contributions in Relation to the Contractually Required Contribution	<u>(26,742)</u>	<u>(40,116)</u>	<u>(48,994)</u>	<u>(22,603)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$191,014	\$286,543	\$349,957	\$161,450
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability (Asset)</b>				
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



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$73,323	\$77,672	\$73,514	\$99,683	\$103,166	\$111,869
<u>(73,323)</u>	<u>(77,672)</u>	<u>(73,514)</u>	<u>(99,683)</u>	<u>(103,166)</u>	<u>(111,869)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$523,736	\$554,800	\$565,490	\$766,792	\$793,585	\$860,531
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$0	\$2,405	\$7,668	\$7,936	\$8,605
<u>0</u>	<u>0</u>	<u>(2,405)</u>	<u>(7,668)</u>	<u>(7,936)</u>	<u>(8,605)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.43%	1.00%	1.00%	1.00%

Allen County  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020

**Changes in Assumptions - OPERS Pension - Traditional Plan**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years 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	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
COLA or Ad Hoc COLA			
Pre-January 7, 2013	3 percent simple	3 percent simple	3 percent simple
Post-January 7, 2013	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age	individual entry age

The assumptions related to COLA and Ad Hoc COLA for post-January 7, 2013, retirees are as follows.

2020	1.4 percent simple through 2020, then 2.15 percent simple
2017 through 2019	3 percent simple through 2019, then 2.15 percent simple
2016 and prior	3 percent simple through 2018, then 2.8 percent simple

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.

**Changes in Assumptions - OPERS Pension - Combined Plan**

For 2020, the combined plan had the same change in COLA or Ad Hoc COLA for post-January 7, 2013, retirees as the traditional plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Allen County  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020

**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.

Allen County  
Notes to the Required Supplementary Information  
For the Year Ended December 31, 2020

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**Changes in Assumptions - OPERS OPEB**

Investment Return Assumption	
Beginning in 2019	6 percent
2018	6.5 percent
Municipal Bond Rate	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate	
2020	10 percent initial 3.5 percent ultimate in 2030
2019	10 percent initial 3.25 percent ultimate in 2029
2018	7.5 percent initial 3.25 percent ultimate in 2028

**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 2020, there was no change to the claims cost process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on the June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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.

**Allen County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2020*

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
<b>U.S. Department of Agriculture</b>					
<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-2021-11-5892	10.561	\$0	\$620,230	\$0
Total SNAP Cluster			0	620,230	0
<i>Passed through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
Marimor School:					
School Breakfast Program	N/A	10.553	0	1,149	0
National School Lunch Program	N/A	10.555	0	2,031	1,424
Summer Food Service Program for Children	N/A	10.559	0	1,449	0
Total Child Nutrition Cluster			0	4,629	1,424
<b>Total U.S. Department of Agriculture</b>			<b>0</b>	<b>624,859</b>	<b>1,424</b>
<b>U.S. Department of Housing and Urban Development</b>					
<i>Passed through the Ohio Department of Development:</i>					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii					
Formula Allocation Program	B-F-18-1AB-1/B-F-20-1AB-1	14.228	0	232,500	0
CDBG Revolving Loans	N/A	14.228	0	8,366	0
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			0	240,866	0
<b>Total U.S. Department of Housing and Urban Development</b>			<b>0</b>	<b>240,866</b>	<b>0</b>
<b>U.S. Department of Labor</b>					
<i>Passed through the Area 7 Workforce Developmental Board:</i>					
WIOA National Dislocated Worker Grants / WIA National Emergency Grants					
	2018-7102-1/2020/21-7102-1	17.277	0	81,558	0
Employment Service Cluster:					
Employment Service/Wagner-Peyser Funded Activities	2018-7102-1/2020/21-7102-1	17.207	0	16,993	0
Total Employment Service Cluster			0	16,993	0
Trade Adjustment Assistance	2018-7102-1/2020/21-7102-1	17.245	0	3,048	0
			0	3,048	0
<b>WIOA Cluster</b>					
WIOA Adult Program	2018-7102-1/2020/21-7102-1	17.258	0	255,905	0
WIOA Youth Activities	2018-7102-1/2020/21-7102-1	17.259	0	329,990	0
WIOA Dislocated Worker Formula Grants	2018-7102-1/2020/21-7102-1	17.278	0	274,113	0
Total WIOA Cluster			0	860,008	0
<b>Total U.S. Department of Labor</b>			<b>0</b>	<b>961,607</b>	<b>0</b>
<b>U.S. Department of Transportation</b>					
<i>Passed through the Ohio Department of Transportation</i>					
Highway Safety Cluster:					
State and Community Highway Safety	STEP-2021-2-00-00-00027-00	20.600	0	4,346	0
State and Community Highway Safety	STEP-2020-2-00-00-00001-00/STEP-2020-2-00-00-00017-00	20.600	0	9,969	0
Total Highway Safety Cluster			0	14,315	0
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2021-2-00-00-00027-00	20.608	0	7,543	0
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2020-2-00-00-00017-00	20.608	0	13,344	0
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			0	20,887	0
<b>Total U.S. Department of Transportation</b>			<b>0</b>	<b>35,202</b>	<b>0</b>
<b>U.S. Department of the Treasury</b>					
<i>Passed through the Ohio Department of Education:</i>					
COVID-19 - Coronavirus Relief Fund					
	N/A	21.019	0	6,411	0
<i>Passed through Ohio Office of Budget and Management</i>					
COVID-19 - Coronavirus Relief Fund					
	HB481-CRF-Local	21.019	0	5,716,352	0
Total Coronavirus Relief Fund			0	5,722,763	0
<b>Total U.S. Department of the Treasury</b>			<b>0</b>	<b>5,722,763</b>	<b>0</b>
<b>U.S. Department of Education</b>					
<i>Passed through the Ohio Department of Education:</i>					
Special Education Cluster (IDEA):					
Special Education Grants to States	N/A	84.027	0	12,591	0
Total Special Education Cluster (IDEA)			0	12,591	0
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Special Education - Grants for Infants and Families					
	H181A180024				
	H181A190024	84.181	0	137,826	0
<b>Total U.S. Department of Education</b>			<b>0</b>	<b>150,417</b>	<b>0</b>
<b>U.S. Election Assistance Commission</b>					
<i>Passed through the Ohio Secretary of State:</i>					
2018 HAVA Election Security Grants					
	N/A	90.404	0	25,201	0
COVID-19 2018 HAVA Election Security Grants	N/A	90.404	0	68,746	0
Total 2018 HAVA Election Security Grant			0	93,947	0
<b>Total U.S. Election Assistance Commission</b>			<b>0</b>	<b>93,947</b>	<b>0</b>

(continued)

**Allen County, Ohio**  
*Schedule of Expenditures of Federal Awards (continued)*  
For the Year Ended December 31, 2020

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
<b>U.S. Department of Health and Human Services</b>					
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Social Services Block Grant	2001OHSOSR	93.667	\$0	\$94,408	\$0
<i>Passed through the Ohio Department of Job and Family Services:</i>					
Social Services Block Grant	G-2021-11-5892	93.667	0	574,406	0
Total Social Services Block Grant			0	668,814	0
<i>Passed through the Ohio Department of Job and Family Services:</i>					
MaryLee Allen Promoting Safe and Stable Families Program	G-2021-11-5894	93.556	0	66,193	0
MaryLee Allen Promoting Safe and Stable Families Program	5AU-20-C0002	93.556	0	27,430	0
Total MaryLee Allen Promoting Safe and Stable Families Program			0	93,623	0
Child Support Enforcement	G-2021-11-5893	93.563	0	1,182,170	0
Stephanie Tubbs Jones Child Welfare Service Program	G-2021-11-5894	93.645	0	104,386	0
Stephanie Tubbs Jones Child Welfare Service Program	5AU-20-C0002	93.645	0	3,390	0
Total Stephanie Tubbs Jones Child Welfare Service Program			0	107,776	0
Foster Care Title IV-E	G-2021-11-5894	93.658	0	1,241,904	0
Adoption Assistance	G-2021-11-5894	93.659	0	1,171,816	0
John H.-Chafee Foster Care Program for Successful Transition to Adulthood	G-2021-11-5894	93.674	0	23,310	0
Children's Health Insurance Program	G-2021-11-5892	93.767	0	512,379	0
CCDF Cluster:					
Child Care and Development Block Grant	G-2021-11-5892	93.575	0	87,482	0
Total CCDF Cluster			0	87,482	0
Temporary Assistance for Needy Families	G-2021-11-5892	93.558	13,622	3,617,492	0
Temporary Assistance for Needy Families	G-2021-11-5894	93.558	0	2,169	0
Total-Temporary Assistance for Needy Families			13,622	3,619,661	0
<i>Passed through the Ohio Department of Developmental Disabilities:</i>					
Medicaid Cluster:					
Medical Assistance Program	2005OH5ADM	93.778	0	475,702	0
<i>Passed through the Ohio Department of Job and Family Services:</i>					
Medical Assistance Program	G-2021-11-5892	93.778	0	970,893	0
Total Medicaid Cluster			0	1,446,595	0
<b>Total U.S. Department of Health and Human Services</b>			<b>13,622</b>	<b>10,155,530</b>	<b>0</b>
<b>U.S. Department of Justice</b>					
<i>Direct Program</i>					
COVID-19 - Coronavirus Emergency Supplemental Funding Program	N/A	16.034	0	31,366	0
<i>Passed through the Ohio Department of Public Safety:</i>					
Edward Byrne Memorial Justice Assistance Grant Program	2019-JG-A01-6409	16.738	0	26,578	0
<b>Total U.S. Department of Justice</b>			<b>0</b>	<b>57,944</b>	<b>0</b>
<b>U.S. Department of Homeland Security</b>					
<i>Passed through the Ohio Department of Public Safety:</i>					
Homeland Security Grant Program	EMW-2017-SS-00065-S01	97.067	0	86,629	0
Homeland Security Grant Program	EMW-2019-SS-00024-S01	97.067	0	170,621	0
Total Homeland Security Grant Program			0	257,250	0
Emergency Management Performance Grants:					
Emergency Management Performance Grants	EMC-2019-EP-00005	97.042	0	36,419	0
Emergency Management Performance Grants	EMC-2020-EP-00004	97.042	0	41,466	0
Total Emergency Management Performance Grants			0	77,885	0
<b>Total U.S. Department of Homeland Security</b>			<b>0</b>	<b>335,135</b>	<b>0</b>
<b>Total Federal Expenditures</b>			<b>\$13,622</b>	<b>\$18,378,270</b>	<b>\$1,424</b>

N/A - pass through entity number not available

The accompanying notes are an integral part of this schedule.

**ALLEN COUNTY, OHIO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**2 CFR 200.510(b)(6)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**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, 2020. 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 Department of 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, 2020 is \$434,587.

**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, 2020**  
**(Continued)**

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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 – TRANSFER BETWEEN FEDERAL PROGRAMS

During 2020, the County made allowable transfers of \$300,000 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 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 2020 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$3,919,661
Social Services Block Grant	<u>(300,000)</u>
<b>Total Temporary Assistance for Needy Families</b>	<b><u>\$3,619,661</u></b>



# 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, 2020, 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 24, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may 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) as a basis for designing 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 financial statements. 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 24, 2021

# 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, 2020. 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, 2020.

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**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 24, 2021

**ALLEN COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	WIOA Custer (CFDA #17.258, #17.259 and #17.278) COVID-19 - Coronavirus Relief Fund (CFDA #21.019) Temporary Assistance for Needy Families (CFDA #93.558)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# 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 10/14/2021**

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](http://www.ohioauditor.gov)