



**FINANCIAL CONDITION  
ALLEN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



ALLEN COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of Commissioners:

We have audited the accompanying general-purpose financial statements of Allen County, (the County) as of and for the year ended December 31, 1999. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Marimor Industries, Inc. and LODDI, Inc., which represent 100 percent of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Marimor Industries, Inc. and LODDI, Inc. is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Marimor Industries, Inc. and LODDI, Inc. were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Allen County, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2000, 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 grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the County taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

July 13, 2000

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**ALLEN COUNTY**

**COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 1999**

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,010,914	\$19,388,625	\$1,347,263	\$7,438,364
Cash and Cash Equivalents in				
Segregated Accounts	20,659	368,255	0	0
Investments in Segregated Accounts	0	0	0	0
Receivables				
Taxes Receivable	4,471,607	5,239,394	99,300	579,272
Accounts	77,054	48,338	0	0
Special Assessments	0	112,528	10,373,718	2,266,152
Accrued Interest	350,700	0	0	0
Due from Other Funds	0	48,469	0	0
Due from Other Governments	433,860	473,955	0	54,862
Materials and Supplies				
Inventory	294,998	372,142	0	0
Prepaid Items	210,220	2,196	0	640
Unamortized Bond Issue Costs	0	0	0	0
Loans Receivable	0	273,801	0	0
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with				
Trustees	0	0	0	0
Advances to Other Funds	1,203,597	2,347,538	0	670,500
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service				
Fund for Retirement of General				
Obligation Bonds	0	0	0	0
Amount Available in Debt Service				
Fund for Retirement of Special				
Assessment Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
Amount to be Provided from				
Special Assessments	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$12,073,609</b>	<b>\$28,675,241</b>	<b>\$11,820,281</b>	<b>\$11,009,790</b>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
\$1,480,806	\$1,270,953	\$12,090,742	\$0	\$0	\$48,027,667	\$0	\$48,027,667
0	8,179	1,146,893	0	0	1,543,986	175,907	1,719,893
0	0	0	0	0	0	639,015	639,015
0	0	72,911,634	0	0	83,301,207	0	83,301,207
1,104,680	0	6,480,963	0	0	7,711,035	108,017	7,819,052
0	0	5,358,736	0	0	18,111,134	0	18,111,134
2,957	0	0	0	0	353,657	0	353,657
0	0	2,248	0	0	50,717	0	50,717
0	0	807,650	0	0	1,770,327	0	1,770,327
31,716	0	0	0	0	698,856	0	698,856
0	0	0	0	0	213,056	16,482	229,538
115,471	0	0	0	0	115,471	0	115,471
0	0	33,367	0	0	307,168	0	307,168
1,332,169	0	0	0	0	1,332,169	0	1,332,169
701,127	0	0	0	0	701,127	0	701,127
246,829	0	0	0	0	4,468,464	0	4,468,464
24,612,263	0	0	59,563,573	0	84,175,836	574,416	84,750,252
0	0	0	0	240,223	240,223	0	240,223
0	0	0	0	1,183,002	1,183,002	0	1,183,002
0	0	0	0	26,785,970	26,785,970	0	26,785,970
0	0	0	0	6,121,998	6,121,998	0	6,121,998
<u>\$29,628,018</u>	<u>\$1,279,132</u>	<u>\$98,832,233</u>	<u>\$59,563,573</u>	<u>\$34,331,193</u>	<u>\$287,213,070</u>	<u>\$1,513,837</u>	<u>\$288,726,907</u>

ALLEN COUNTY

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,  
AND DISCRETELY PRESENTED COMPONENT UNITS  
DECEMBER 31, 1999  
(Continued)

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$235,491	\$425,640	\$0	\$840
Contracts Payable	84,523	189,976	0	1,166,325
Accrued Wages	478,667	632,801	0	0
Compensated Absences Payable	64,175	36,181	0	0
Retainage Payable	8,400	4,974	0	6,818
Due to Other Funds	0	50,717	0	0
Due to Other Governments	458,368	590,981	0	0
Deferred Revenue	3,680,399	6,159,920	10,373,718	2,726,024
Undistributed Assets	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds Payable	0	0	10,000	0
Matured Interest Payable	0	0	5,803	0
Accrued Interest Payable	0	0	0	365,676
Notes Payable	0	0	0	3,716,000
Claims and Judgments Payable	0	0	0	0
Payable from Restricted Assets:				
Revenue Bonds Payable	0	0	0	0
Mortgages Payable	0	0	0	0
Advances from Other Funds	1,970,500	437,500	7,535	2,052,929
Issue II Loans	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Revenue Bonds Payable (Net of Unamortized Discount)	0	0	0	0
Special Assessment Debt with Governmental Commitment	0	0	0	0
<b>Total Liabilities</b>	<b>6,980,523</b>	<b>8,528,690</b>	<b>10,397,056</b>	<b>10,034,612</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Net Assets Held in Trust for Pool Participation	0	0	0	0
Retained Earnings:				
Reserved:				
Reserved for Plant Improvement and Replacement	0	0	0	0
Reserved for Operations	0	0	0	0
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	579,409	2,797,261	0	2,275,245
Reserved for Inventory	294,998	372,142	0	0
Reserved for Advances	1,203,597	2,347,538	0	670,500
Reserved of Contributions	0	0	0	0
Reserved for Loans	0	273,801	0	0
Unreserved (Deficit)	3,015,082	14,355,809	1,423,225	(1,970,567)
<b>Total Fund Equity and Other Credits</b>	<b>5,093,086</b>	<b>20,146,551</b>	<b>1,423,225</b>	<b>975,178</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$12,073,609</b>	<b>\$28,675,241</b>	<b>\$11,820,281</b>	<b>\$11,009,790</b>

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)	Totals (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Primary Government	Component Units	Reporting Entity
\$8,209	\$0	\$0	\$0	\$0	\$670,180	\$20,416	\$690,596
67,691	0	0	0	0	1,508,515	0	1,508,515
42,373	0	0	0	0	1,153,841	8,214	1,162,055
61,409	0	0	0	1,799,465	1,961,230	0	1,961,230
0	0	0	0	0	20,192	0	20,192
0	0	0	0	0	50,717	0	50,717
35,117	0	83,681,416	0	0	84,765,882	732	84,766,614
0	0	0	0	0	22,940,061	0	22,940,061
0	0	11,958,263	0	0	11,958,263	0	11,958,263
0	0	50,010	0	0	50,010	0	50,010
0	0	0	0	0	10,000	0	10,000
0	0	0	0	0	5,803	0	5,803
35,894	0	0	0	0	401,570	495	402,065
0	0	0	0	13,101,000	16,817,000	0	16,817,000
0	697,396	0	0	0	697,396	0	697,396
422	0	0	0	0	422	0	422
0	0	0	0	0	0	164,971	164,971
0	0	0	0	0	4,468,464	0	4,468,464
343,939	0	0	0	147,341	491,280	0	491,280
0	0	0	0	63,387	63,387	0	63,387
0	0	0	0	11,920,000	11,920,000	0	11,920,000
7,656,538	0	0	0	0	7,656,538	0	7,656,538
0	0	0	0	7,300,000	7,300,000	0	7,300,000
8,251,592	697,396	95,689,689	0	34,331,193	174,910,751	194,828	175,105,579
0	0	0	59,563,573	0	59,563,573	0	59,563,573
18,952,626	300,000	0	0	0	19,252,626	0	19,252,626
0	0	2,933,759	0	0	2,933,759	0	2,933,759
104,684	0	0	0	0	104,684	0	104,684
1,110,343	0	0	0	0	1,110,343	0	1,110,343
1,208,773	281,736	0	0	0	1,490,509	0	1,490,509
0	0	0	0	0	5,651,915	0	5,651,915
0	0	0	0	0	667,140	0	667,140
0	0	0	0	0	4,221,635	0	4,221,635
0	0	7,054	0	0	7,054	0	7,054
0	0	33,367	0	0	307,168	0	307,168
0	0	168,364	0	0	16,991,913	1,319,009	18,310,922
21,376,426	581,736	3,142,544	59,563,573	0	112,302,319	1,319,009	113,621,328
\$29,628,018	\$1,279,132	\$98,832,233	\$59,563,573	\$34,331,193	\$287,213,070	\$1,513,837	\$288,726,907

**ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	(Memorandum Only)
<b>Revenues</b>						
Property Taxes	\$3,854,841	\$5,327,885	\$0	\$476,835	\$0	\$9,659,561
Permissive Sales Tax	9,347,895	603,581	1,191,600	1,462,800	0	12,605,876
Charges for Services	2,549,881	3,448,398	66,584	100	0	6,064,963
Licenses and Permits	12,980	91,105	0	0	0	104,085
Fines and Forfeitures	189,569	276,734	0	0	0	466,303
Intergovernmental	3,136,036	20,903,138	0	2,319,782	0	26,358,956
Special Assessments	0	228,004	971,563	184,587	0	1,384,154
Investment Income	1,820,194	63,071	11,857	400,860	2,593	2,298,575
Rental Income	330,902	26,144	0	12,306	0	369,352
Other	521,597	572,880	0	477,470	58,508	1,630,455
<b>Total Revenues</b>	<b>21,763,895</b>	<b>31,540,940</b>	<b>2,241,604</b>	<b>5,334,740</b>	<b>61,101</b>	<b>60,942,280</b>
<b>Expenditures</b>						
Current						
General Government						
Legislative and Executive	6,983,116	780,419	0	0	69,925	7,833,460
Judicial	5,157,319	2,753,792	0	0	0	7,911,111
Public Safety	7,130,058	745,831	0	0	0	7,875,889
Public Works	290,941	4,803,099	4,833	0	0	5,098,873
Health	214,558	8,159,225	0	0	0	8,373,783
Human Services	262,783	9,677,019	0	0	0	9,939,802
Conservation and Recreation	962,082	0	0	0	0	962,082
Other	0	0	0	40,278	0	40,278
Capital Outlay	289,778	1,287,284	0	11,082,957	0	12,660,019
Intergovernmental	115,543	201,310	0	0	0	316,853
Debt Service						
Principal Retirement	196,318	1,971	1,029,000	7,825,000	0	9,052,289
Interest and Fiscal Charges	21,436	537	1,083,236	764,478	0	1,869,687
<b>Total Expenditures</b>	<b>21,623,932</b>	<b>28,410,487</b>	<b>2,117,069</b>	<b>19,712,713</b>	<b>69,925</b>	<b>71,934,126</b>
Excess of Revenues Over (Under) Expenditures	139,963	3,130,453	124,535	(14,377,973)	(8,824)	(10,991,846)
<b>Other Financing Sources (Uses)</b>						
Proceeds of Notes	0	0	0	13,101,000	0	13,101,000
Proceeds of Issue II Loan	0	0	0	21,200	0	21,200
Sale of Fixed Assets	0	1,851	0	0	0	1,851
Inception of Capital Lease	9,830	0	0	0	0	9,830
Operating Transfers - In	3,000	685,206	0	409,114	0	1,097,320
Operating Transfers - Out	(658,362)	(438,958)	0	0	0	(1,097,320)
<b>Total Other Financing Sources (Uses)</b>	<b>(645,532)</b>	<b>248,099</b>	<b>0</b>	<b>13,531,314</b>	<b>0</b>	<b>13,133,881</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(505,569)	3,378,552	124,535	(846,659)	(8,824)	2,142,035
Fund Balances (Deficit) at Beginning of Year	5,604,519	16,764,655	1,298,690	1,821,837	198,155	25,687,856
Increase (Decrease) in Reserve for Inventory	(5,864)	3,344	0	0	0	(2,520)
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$5,093,086</b>	<b>\$20,146,551</b>	<b>\$1,423,225</b>	<b>\$975,178</b>	<b>\$189,331</b>	<b>\$27,827,371</b>

See Accompanying Notes to the General Purpose Financial Statements

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ALLEN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Property Taxes	\$3,560,000	\$3,854,841	\$294,841	\$4,994,234	\$5,327,885	\$333,651
Permissive Sales Tax	8,188,000	9,219,798	1,031,798	664,310	618,581	(45,729)
Charges for Services	2,577,450	2,708,444	130,994	3,539,402	3,393,767	(145,635)
Licenses and Permits	15,150	12,980	(2,170)	157,200	92,470	(64,730)
Fines and Forfeitures	152,000	174,160	22,160	127,300	276,069	148,769
Intergovernmental	2,868,250	2,760,969	(107,281)	21,900,889	21,500,169	(400,720)
Special Assessments	0	0	0	311,592	228,004	(83,588)
Investment Income	1,502,575	2,051,328	548,753	10,011	34,136	24,125
Rental Income	430,600	329,717	(100,883)	9,806	25,806	16,000
Other	55,000	33,000	(22,000)	424,895	151,451	(273,444)
<b>Total Revenues</b>	<b>19,349,025</b>	<b>21,145,237</b>	<b>1,796,212</b>	<b>32,139,639</b>	<b>31,648,338</b>	<b>(491,301)</b>
<b>Expenditures</b>						
Current						
General Government						
Legislative and Executive	7,761,239	7,366,882	394,357	2,538,903	1,569,702	969,201
Judicial	5,485,035	5,113,279	371,756	4,544,899	3,779,753	765,146
Public Safety	7,073,580	6,868,635	204,945	1,416,598	1,031,408	385,190
Public Works	325,900	289,446	36,454	5,107,356	4,752,758	354,598
Health	256,733	242,335	14,398	10,609,210	8,087,337	2,521,873
Human Services	502,125	493,491	8,634	12,197,420	10,854,157	1,343,263
Conservation and Recreation	970,350	959,260	11,090	0	0	0
Other	0	0	0	0	0	0
Capital Outlay	241,866	188,146	53,720	1,631,608	1,230,895	400,713
Intergovernmental	125,300	115,543	9,757	217,610	217,610	0
Debt Service						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>22,742,128</b>	<b>21,637,017</b>	<b>1,105,111</b>	<b>38,263,604</b>	<b>31,523,620</b>	<b>6,739,984</b>
Excess of Revenues Over (Under) Expenditures	(3,393,103)	(491,780)	2,901,323	(6,123,965)	124,718	6,248,683
<b>Other Financing Sources (Uses)</b>						
Other Financing Sources	346,375	439,703	93,328	573,852	401,615	(172,237)
Proceeds of Notes	0	0	0	0	0	0
Proceeds of Loans	0	0	0	0	0	0
Sale of Fixed Assets	0	0	0	0	1,851	1,851
Advances - In	666,480	494,241	(172,239)	161,200	7,000	(154,200)
Advances - Out	(70,980)	(32,340)	38,640	(24,593)	(7,000)	17,593
Operating Transfers - In	0	3,000	3,000	1,191,125	685,206	(505,919)
Operating Transfers - Out	(954,412)	(658,362)	296,050	(815,865)	(438,958)	376,907
<b>Total Other Sources (Uses)</b>	<b>(12,537)</b>	<b>246,242</b>	<b>258,779</b>	<b>1,085,719</b>	<b>649,714</b>	<b>(436,005)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(3,405,640)	(245,538)	3,160,102	(5,038,246)	774,432	5,812,678
Fund Balances at Beninning of Year	4,406,943	4,406,943	0	13,982,812	13,982,812	0
Prior Year Encumbrances Appropriated	377,705	377,705	0	1,597,064	1,597,064	0
<b>Fund Balances at End of Year</b>	<b>\$1,379,008</b>	<b>\$4,539,110</b>	<b>\$3,160,102</b>	<b>\$10,541,630</b>	<b>\$16,354,308</b>	<b>\$5,812,678</b>

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Funds			Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$392,400	\$476,835	\$84,435	\$0	\$0	\$0	\$8,946,634	\$9,659,561	\$712,927
1,371,600	1,236,600	(135,000)	900,322	1,432,800	532,478	0	0	0	11,124,232	12,507,779	1,383,547
12,690	66,584	53,894	10,000	100	(9,000)	0	0	0	6,139,542	6,168,895	29,353
0	0	0	0	0	0	0	0	0	172,350	105,450	(66,900)
0	0	0	0	0	0	0	0	0	279,300	450,229	170,929
216,000	140,752	(75,248)	4,741,451	2,264,920	(2,476,531)	0	0	0	29,726,590	26,666,810	(3,059,780)
1,042,298	971,563	(70,735)	168,550	184,587	16,037	0	0	0	1,522,440	1,384,154	(138,286)
0	11,454	11,454	900,615	395,916	(504,699)	3,000	2,593	(407)	2,416,201	2,495,427	79,226
0	0	0	0	12,306	12,306	0	0	0	440,406	367,829	(72,577)
12,000	0	(12,000)	1,000	40,796	39,796	37,000	61,138	24,138	529,895	286,385	(243,510)
2,654,588	2,426,953	(227,635)	7,114,338	4,808,260	(2,306,078)	40,000	63,731	23,731	61,297,590	60,092,519	(1,205,071)
0	0	0	0	0	0	80,000	73,325	6,675	10,380,142	9,009,909	1,370,233
0	0	0	0	0	0	0	0	0	10,029,934	8,893,032	1,136,902
0	0	0	0	0	0	0	0	0	8,490,178	7,900,043	590,135
0	0	0	0	0	0	0	0	0	5,433,256	5,042,204	391,052
0	0	0	0	0	0	0	0	0	10,865,943	8,329,672	2,536,271
0	0	0	0	0	0	0	0	0	12,699,545	11,347,648	1,351,897
0	0	0	0	0	0	0	0	0	970,350	959,260	11,090
45,230	45,111	119	0	0	0	0	0	0	45,230	45,111	119
0	0	0	22,031,272	13,543,304	8,487,968	0	0	0	23,904,746	14,962,345	8,942,401
0	0	0	0	0	0	0	0	0	342,910	333,153	9,757
1,394,278	1,369,000	25,278	18,483,977	17,085,000	1,398,977	0	0	0	19,878,255	18,454,000	1,424,255
1,100,542	1,098,144	2,398	644,177	644,032	145	0	0	0	1,744,719	1,742,176	2,543
2,540,050	2,512,255	27,795	41,159,426	31,272,336	9,887,090	80,000	73,325	6,675	104,785,208	87,018,553	17,766,655
114,538	(85,302)	(199,840)	(34,045,088)	(26,464,076)	7,581,012	(40,000)	(9,594)	30,406	(43,487,618)	(26,926,034)	16,561,584
0	0	0	879,268	436,674	(442,594)	0	0	0	1,799,495	1,277,992	(521,503)
0	0	0	27,020,763	20,676,000	(6,344,763)	0	0	0	27,020,763	20,676,000	(6,344,763)
0	0	0	2,299,000	21,200	(2,277,800)	0	0	0	2,299,000	21,200	(2,277,800)
0	0	0	0	0	0	0	0	0	0	1,851	1,851
0	0	0	365,805	25,340	(340,465)	0	0	0	1,193,485	526,581	(666,904)
(5,117)	(5,117)	0	(800,384)	(570,124)	230,260	0	0	0	(901,074)	(614,581)	286,493
0	0	0	906,114	409,114	(497,000)	0	0	0	2,097,239	1,097,320	(999,919)
0	0	0	(1,007,000)	0	1,007,000	0	0	0	(2,777,277)	(1,097,320)	1,679,957
(5,117)	(5,117)	0	29,663,566	20,998,204	(8,665,362)	0	0	0	30,731,631	21,889,043	(8,842,588)
109,421	(90,419)	(199,840)	(4,381,522)	(5,465,872)	(1,084,350)	(40,000)	(9,594)	30,406	(12,755,987)	(5,036,991)	7,718,996
1,436,710	1,436,710	0	7,545,264	7,545,264	0	165,558	165,558	0	27,537,287	27,537,287	0
0	0	0	1,934,236	1,934,236	0	0	0	0	3,909,005	3,909,005	0
\$1,546,131	\$1,346,291	(\$199,840)	\$5,097,978	\$4,013,628	(\$1,084,350)	\$125,558	\$155,964	\$30,406	\$18,690,305	\$26,409,301	\$7,718,996

**ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
<b>Operating Revenues</b>				
Charges for Services	\$3,350,391	\$2,117,827	\$0	\$5,468,218
Tap-In Fees	218,717	0	0	218,717
Interest Income	0	0	111	111
Intergovernmental	906	0	0	906
Other Operating Revenues	19,728	0	0	19,728
Total Operating Revenues	<u>3,589,742</u>	<u>2,117,827</u>	<u>111</u>	<u>5,707,680</u>
<b>Operating Expenses</b>				
Personal Services	1,124,981	0	0	1,124,981
Contractual Services	541,284	121,266	0	662,550
Materials and Supplies	375,702	5,105	0	380,807
Other Expense	36,536	0	0	36,536
Claims	0	2,519,334	0	2,519,334
Depreciation	1,035,444	0	0	1,035,444
Total Operating Expenses	<u>3,113,947</u>	<u>2,645,705</u>	<u>0</u>	<u>5,759,652</u>
Operating Income (Loss)	<u>475,795</u>	<u>(527,878)</u>	<u>111</u>	<u>(51,972)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	47,590	53,692	0	101,282
Loss on Disposal of Fixed Assets	(7,085)	0	0	(7,085)
Interest and Fiscal Charges	(456,167)	0	0	(456,167)
Total Non-Operating Revenues (Expenses)	<u>(415,662)</u>	<u>53,692</u>	<u>0</u>	<u>(361,970)</u>
Net Income (Loss)	60,133	(474,186)	111	(413,942)
Depreciation on Fixed Assets Acquired by Contributed Capital	218,219	0	0	218,219
Retained Earnings/Fund Balance at Beginning of Year	<u>2,145,448</u>	<u>755,922</u>	<u>19,343</u>	<u>2,920,713</u>
Retained Earnings/Fund Balance at End of Year	<u>2,423,800</u>	<u>281,736</u>	<u>19,454</u>	<u>2,724,990</u>
Contributed Capital at Beginning of Year	14,087,724	300,000	0	14,387,724
Contributions During the Year from:				
Governmental Funds	4,596,477	0	0	4,596,477
Developers	486,644	0	0	486,644
Depreciation on Fixed Assets Acquired by Contributed Capital	(218,219)	0	0	(218,219)
Contributed Capital at End of Year	<u>18,952,626</u>	<u>300,000</u>	<u>0</u>	<u>19,252,626</u>
<b>Total Fund Equity at End of Year</b>	<u>\$21,376,426</u>	<u>\$581,736</u>	<u>\$19,454</u>	<u>\$21,977,616</u>

*See Accompanying Notes to the General Purpose Financial Statements*

ALLEN COUNTY

COMBINED STATEMENT OF INCOME, EXPENSES AND CHANGES  
IN FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 1999

<b>Income</b>	
Contracts	\$802,092
Services	38,351
Rental Income	60,465
Interest Income	453
Other Income	<u>1,370</u>
Total Income	<u>902,731</u>
<b>Expenses</b>	
Personal Services	475,668
Contract and Other Services	204,800
Materials and Supplies	41,141
Other Expenses	22,156
Interest	13,931
Depreciation	<u>57,952</u>
Total Expenses	<u>815,648</u>
Excess of Income Over Expenses	<u>87,083</u>
<b>Other Income</b>	
Special Donations	645
Interest Income	38,248
Miscellaneous	<u>4,711</u>
Total Other Income	<u>43,604</u>
Excess of Income and Other Income Over Expenses	130,687
Fund Balance Beginning of Year	<u>1,188,322</u>
<b>Fund Balance End of Year</b>	<u><u>\$1,319,009</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**ALLEN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND - PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise Fund			Internal Service Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Charges for Services	\$3,208,200	\$3,288,920	\$80,720	\$2,447,025	\$2,109,399	(\$337,626)
Tap-In Fees	125,000	218,717	93,717	0	0	0
Intergovernmental	906	906	0	0	0	0
Interest Income	0	12,882	12,882	40,000	52,975	12,975
Other Revenue	14,094	2,447	(11,647)	0	0	0
Other Financing Sources	63,000	17,281	(45,719)	0	0	0
Proceeds of Notes	15,000	0	(15,000)	0	0	0
<b>Total Revenues</b>	<b>3,426,200</b>	<b>3,541,153</b>	<b>114,953</b>	<b>2,487,025</b>	<b>2,162,374</b>	<b>(324,651)</b>
<b>Expenses</b>						
Personal Services	1,246,800	1,129,715	117,085	0	0	0
Contractual Services	1,534,066	615,829	918,237	134,573	121,266	13,307
Materials and Supplies	242,240	192,962	49,278	5,200	5,105	95
Claims	0	0	0	2,349,257	2,188,036	161,221
Other	45,000	36,536	8,464	0	0	0
Capital Outlay	320,965	301,283	19,682	0	0	0
Debt Service						
Payment on Principal	301,991	292,291	9,700	0	0	0
Interest and Fiscal Charges	412,814	412,814	0	0	0	0
<b>Total Expenses</b>	<b>4,103,876</b>	<b>2,981,430</b>	<b>1,122,446</b>	<b>2,489,030</b>	<b>2,314,407</b>	<b>174,623</b>
Excess of Revenues Over (Under) Expenses	(677,676)	559,723	1,237,399	(2,005)	(152,033)	(150,028)
Advances - In	0	88,000	88,000	0	0	0
Advances - Out	0	0	0	0	0	0
Operating Transfers - In	1,021,696	0	(1,021,696)	0	0	0
Operating Transfers - Out	0	0	0	0	0	0
Excess of Revenues Over (Under) Expenses and Transfers and Advances	344,020	647,723	303,703	(2,005)	(152,033)	(150,028)
Fund Balance at Beginning of Year	1,862,336	1,862,336	0	1,283,709	1,283,709	0
Prior Year Encumbrances Appropriated	127,488	127,488	0	3,730	3,730	0
<b>Fund Balance at End of Year</b>	<b>\$2,333,844</b>	<b>\$2,637,547</b>	<b>\$303,703</b>	<b>\$1,285,434</b>	<b>\$1,135,406</b>	<b>(\$150,028)</b>

See Accompanying Notes to the General Purpose Financial Statements

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,655,225	\$5,398,319	(\$256,906)
0	0	0	125,000	218,717	93,717
0	0	0	906	906	0
400	111	(289)	40,400	65,968	25,568
0	0	0	14,094	2,447	(11,647)
0	0	0	63,000	17,281	(45,719)
0	0	0	15,000	0	(15,000)
400	111	(289)	5,913,625	5,703,638	(209,987)
0	0	0	1,246,800	1,129,715	117,085
0	0	0	1,668,639	737,095	931,544
0	0	0	247,440	198,067	49,373
0	0	0	2,349,257	2,188,036	161,221
400	0	400	45,400	36,536	8,864
0	0	0	320,965	301,283	19,682
0	0	0	301,991	292,291	9,700
0	0	0	412,814	412,814	0
400	0	400	6,593,306	5,295,837	1,297,469
0	111	111	(679,681)	407,801	1,087,482
0	0	0	0	88,000	88,000
0	0	0	0	0	0
0	0	0	1,021,696	0	(1,021,696)
0	0	0	0	0	0
0	111	111	342,015	495,801	153,786
12,290	12,290	0	3,158,335	3,158,335	0
0	0	0	131,218	131,218	0
\$12,290	\$12,401	\$111	\$3,631,568	\$3,785,354	\$153,786

**ALLEN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$3,507,637	\$0	\$0	\$3,507,637
Cash Received from Other Governments	906	0	0	906
Cash Received from Quasi-External Transactions with Other Funds	0	2,117,827	0	2,117,827
Cash Payments to Employees for Services	(1,129,715)	0	0	(1,129,715)
Cash Payments for Contractual Services	(552,783)	(121,266)	0	(674,049)
Cash Payments for Materials and Supplies	(370,024)	0	0	(370,024)
Cash Payments for Claims	0	(2,188,036)	0	(2,188,036)
Other Cash Received	19,728	0	0	19,728
Other Cash Payments	(36,536)	(5,105)	0	(41,641)
Net Cash Provided by (Used for) Operating Activities	1,439,213	(196,580)	0	1,242,633
<b>Cash Flows from Noncapital Financial Activities</b>				
Advances In from Other Funds	88,000	0	0	88,000
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition and Construction of Capital Assets	(12,774)	0	0	(12,774)
Principal Paid on Revenue Bonds	(235,000)	0	0	(235,000)
Interest Fiscal Changes Paid on Revenue Bonds	(411,300)	0	0	(411,300)
Principal Paid on OWDA Loans	(36,740)	0	0	(36,740)
Interest Paid on OWDA Loans	(1,514)	0	0	(1,514)
Principal Paid on Issue II Loan	(20,551)	0	0	(20,551)
Net Cash Used for Capital and Related Financing Activities	(717,879)	0	0	(717,879)
<b>Cash Flows from Investing Activities</b>				
Cash Received from Interest Earnings	13,194	53,692	111	66,997
Net Increase (Decrease) in Cash and Cash Equivalents	822,528	(142,888)	111	679,751
Cash and Cash Equivalents at Beginning of Year	2,691,574	1,413,841	19,343	4,124,758
Cash and Cash Equivalents at End of Year	\$3,514,102	\$1,270,953	\$19,454	\$4,804,509

(Continued)

**ALLEN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
PRIMARY GOVERNMENT  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

	Proprietary Fund Type		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non-Expendable Trust	Primary Government
	<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$475,795	(\$527,878)	\$111	(\$51,972)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used for) Operating Activities</b>				
Depreciation	1,035,444	0	0	1,035,444
Interest Income	0	0	(111)	(111)
<b>Change in Assets and Liabilities</b>				
Increase in Accounts Receivable	(61,471)	0	0	(61,471)
Decrease in Inventory	683	0	0	683
Increase in Accounts Payable	1,709	0	0	1,709
Decrease in Contracts Payable	(8,213)	0	0	(8,213)
Increase in Accrued Wages	5,176	0	0	5,176
Decrease in Compensated Absences	(12,355)	0	0	(12,355)
Increase in Due to Other Governments	2,445	0	0	2,445
Increase in Claims Payable	0	331,298	0	331,298
Net Cash Provided by (Used for) Operating Activities	<u>\$1,439,213</u>	<u>(\$196,580)</u>	<u>\$0</u>	<u>\$1,242,633</u>

**Reconciliation of Cash and Cash Equivalents of Non-Expendable Trust Fund to Balance Sheet**

Cash and Cash Equivalents - All Trust and Agency Funds	\$13,237,635
Cash and Cash Equivalents - Expendable Trusts, Investment Trusts and Agency Funds	<u>(13,218,181)</u>
Cash and Cash Equivalents - Non-Expendable Trust Fund	<u>\$19,454</u>

*See Accompanying Notes to the General Purpose Financial Statements*

**ALLEN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
DISCRETELY PRESENTED COMPONENT UNITS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>Increase in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$797,709
Interest Received	38,701
Donations Received	645
Rent Received	60,465
Cash Paid to Suppliers and Employees	(753,061)
Interest Paid	(13,969)
Miscellaneous Income	6,081
Net Cash Provided by Operating Activities	<u>136,571</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Investments	(338,431)
Purchase of Equipment	<u>(28,542)</u>
Net Cash Used for Investing Activities	<u>(366,973)</u>
<b>Cash Flows from Financing Activities</b>	
Payment of Long-Term Debt	<u>(10,727)</u>
Net Decrease in Cash and Cash Equivalents	(241,129)
Cash and Cash Equivalents at Beginning of Year	<u>417,036</u>
Cash and Cash Equivalents at End of Year	<u><u>\$175,907</u></u>
<b>Reconciliation of Net Income to Cash Provided by Operating Activities</b>	
Excess of Income and Other Income over Expenses	\$130,687
<b>Adjustments to Reconcile Excess of Income and Other Income Over Expenses Cash Provided by Operating Activities</b>	
Depreciation	57,952
Increase in Assets	
Accounts Receivable	(42,735)
Prepaid Expenses	(6,298)
Decrease in Liabilities	
Accounts Payable and Accrued Expenses	(2,997)
Accrued Interest Expense	(38)
Net Cash Provided by Operating Activities	<u><u>\$136,571</u></u>

*See Accompanying Notes to General Purpose Financial Statements*

ALLEN COUNTY

STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Investment Trust</u>
<b>Revenues:</b>	
Interest Income	\$108,551
<b>Expenses:</b>	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operations	108,551
Distribution to Participants	(128,555)
Capital Transactions	<u>165,817</u>
Total Increase in Net Assets	145,813
Net Assets Beginning of Year - Restated (Note 3)	<u>2,787,946</u>
Net Assets End of Year	<u><u>\$2,933,759</u></u>

*See Accompanying Notes to the General Purpose Financial Statements*

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## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999

#### NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

##### A. The County

Allen County, Ohio (The County), was established 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 who manage various segments of the County's operations are the County Auditor, County 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 County, including each of these departments.

##### B. Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. 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 Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, and all departments and activities that are directly operated by the elected County officials.

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 for which the County approves the budget, the issuance of debt or the levying of taxes.

The component unit column in the combined financial statements identifies the financial data of the County's component units. They are reported separately to emphasize that they are legally separate from the County. The discretely presented component units of Allen County are:

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

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

##### B. Reporting Entity (continued)

**LODDI, Inc.** - LODDI, Inc. (Living Options for Developmentally Disabled Individuals) is a legally separate, non-profit organization served by a self-appointing board of trustees. LODDI was incorporated on December 1, 1992, to provide lifetime affordable housing to people in Allen County with developmental disabilities. Due to a significant portion of the organization's income being received from the Allen County Board of MRDD and because MRDD assumes the responsibility for debts upon dissolution of LODDI, LODDI, Inc. 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, Inc., 2450 Ada Road, Lima, Ohio 45801.

The County participates in the following joint venture, jointly governed organizations, and insurance pool which are discussed in Notes 22, 23, and 24 to the combined financial statements.

Alcohol, Drug Addiction and Mental Health Services Board of Allen, Auglaize, and Hardin Counties  
Lima-Allen County Regional Planning Commission  
Joint Solid Waste Management District  
Job Training Partnership Consortium  
Western Ohio Regional Treatment and Habilitation Center (WORTH)  
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County Treasurer, as the custodian of public funds, invests all public monies held on deposit in the County treasury. In the case of the legally separate agencies, boards and commissions listed below, the County serves as fiscal agent but the organizations are not considered a part of Allen County. Accordingly, the activity of the following districts and agencies are presented as agency funds, with the exception of the Joint Solid Waste Management District and Metropolitan Park Board, which are presented as internal investment trust funds, within the County's financial statements:

Alcohol, Drug Addiction, and Mental Health Services Board of Allen, Auglaize, and Hardin Counties  
Allen County Soil and Water Conservation  
District Board of Health  
District Court of Appeals  
Family and Children First Council  
Lima-Allen County Regional Planning Commission  
Mid-Western Ohio Planning Commission  
Special Emergency Planning Commission  
Veterans' Memorial Civic and Convention Center  
Western Ohio Regional Training and Habilitation Center (WORTH)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The County also applies Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989, to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the County's accounting policies are described below.

The information provided in the notes to the financial statements relates generally to the primary government. Information related to the Workshop and LODDI, Inc. is specifically identified.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### A. Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

##### Governmental Fund Types

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the County's governmental fund types:

**General Fund** This fund is used to account for all financial resources of the County 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.

**Special Revenue Funds** These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Funds** These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

**Capital Projects Funds** These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

##### Proprietary Fund Types

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following are the County's proprietary fund types:

**Enterprise Fund** This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

# ALLEN COUNTY

## NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### A. Fund Accounting (continued)

##### Proprietary Fund Types (Continued)

**Internal Service Fund** The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

##### Fiduciary Fund Types

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

**Expendable Trust Funds** These funds are accounted for in essentially the same manner as governmental funds.

**Non-Expendable Trust Fund** This fund is accounted for in essentially the same manner as proprietary funds.

**Investment Trust Funds** These funds are accounted for on the accrual basis.

**Agency Funds** These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

##### Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** The general fixed assets account group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** The general long-term obligations account group is used to account for all long-term obligations of the County, except that accounted for in the proprietary funds.

#### B. Measurement Focus and Basis of Accounting

##### Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### B. Measurement Focus and Basis of Accounting (continued)

###### Primary Government (continued)

All proprietary fund types, the non-expendable trust fund and the investment trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings and contributed capital components for proprietary fund types or held in trust for pool participants for the investment trust fund. Operating statements of these funds present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is thirty-one days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, permissive sales tax (see Note 9), federal and state grants and entitlements, charges for services, and fines and forfeitures. Major revenue sources not susceptible to accrual include licenses and permits which are not considered measurable until received.

The County reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2000 operations, have also been recorded as deferred revenue. Special assessments are recorded as deferred revenue because they do not meet the availability criteria.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general and special assessment long-term obligations are recorded as fund liabilities when due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types, non-expendable trust fund, and the investment trust funds. Revenues are recognized when they are earned and become measurable and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end.

###### Component Units

The discretely presented component units utilize the proprietary accrual basis of accounting for reporting purposes. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than investment trust and agency funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control is at the object level within each department. Although statutory law requires that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate expending the available funds. Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the County Commissioners and do not adopt separate budgets. Budgetary modifications may only be made by resolution of the County Commissioners.

Budgetary information for Marimor Industries and LODDI (component units) is not reported because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary records.

##### Tax Budget

A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

##### Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered balances from the preceding year. The certificate of estimated resources may be amended further during the year if the County Auditor determines, and the County Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 1999.

##### Appropriations

A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriations resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### C. Budgetary Process (continued)

###### Appropriations (continued)

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

###### Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (i.e. General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.).

###### Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

###### Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

##### D. Cash and Cash Equivalents

To improve cash management, cash received by the County, except cash in segregated accounts, is pooled and invested. Individual fund integrity is maintained through County records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer or held separately for the County by a trustee are recorded on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" or "Cash and Cash Equivalents with Trustees", respectively.

Cash and cash equivalents and investments of Marimor Industries, Inc. and LODDI, Inc. are held by the component unit and are recorded on the combined balance sheet as "Cash and Cash Equivalents, or Investments, in Segregated Accounts".

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### D. Cash and Cash Equivalents (continued)

Investments are reported at fair value except for repurchase agreements and non-negotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 1999.

Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during 1999 amounted to \$1,820,194, which includes \$1,556,630 assigned from other County funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

##### E. Receivables and Payables

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility.

Using this criteria, the County has elected to not record child support arrearages within the Special Revenue and Agency fund types. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

##### F. Materials and Supplies Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and expensed in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

##### G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense in the year in which services are consumed.

##### H. Unamortized Bond Issuance Costs

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

# ALLEN COUNTY

## NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### I. Restricted Assets

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

#### J. Fixed Assets and Depreciation

Fixed asset values initially were determined at December 31, 1990, assigning original acquisition costs when such information was available. In cases when original costs were not practicably determinable, estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

#### General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the government.

#### Enterprise Fund Fixed Assets

Property, plant, and equipment reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation is provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	15-35 years
Buildings	35 years
Machinery and Equipment	10 years
Licensed Vehicles	6 years

#### Capitalization of Interest

Interest is capitalized when necessary on all proprietary fund assets acquired with debt. The County's policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. For 1999, interest cost incurred was immaterial.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### J. Fixed Assets and Depreciation (continued)

###### Component Units

Property and equipment are recorded at cost. Donated equipment is recorded at its fair market value at the date donated. Depreciation is provided on the straight-line method, with estimated useful lives of forty years for buildings and ranging from three to seven years for equipment.

##### K. Interfund Assets and Liabilities

Receivables and payables arising between funds for goods provided, services rendered and distributions to be made to other County funds by agency funds are classified as "due from other funds" or "due to other funds" on the balance sheet.

Long-term interfund loans are reported as advances to/from other funds and are equally offset by a fund balance reserve account which indicates that they do not constitute "available expendable resources" since they are not a component of net current assets.

##### 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 that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

##### M. Accrued and Long-Term Liabilities

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and contractually required pension obligations are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Bonds, notes, loans, and capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio Law, a debt retirement fund may be created and used for the payment of all tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the County's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **N. Unamortized Discounts on Bonds**

In governmental funds, bond discounts are recognized in the current period. In proprietary funds, the unamortized discounts on bonds are presented as a reduction of the face amount of bonds payable and amortized over the remaining life of those bonds. On the balance sheet, the revenue bonds payable are presented net of the unamortized discount.

##### **O. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with capital grants is expensed and closed to contributed capital at year end.

Because the County did not prepare financial statements in accordance with generally accepted accounting principles prior to 1991, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

##### **P. Reservations of Fund Equity**

The County records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available, expendable resources and, therefore, are not available for expenditure. Unreserved fund balance/retained earnings indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, inventory, advances, non-expendable trust fund contributions, and loans, which represent community development block grant monies loaned to local businesses and individuals and for Craft Educational Expendable Trust fund monies loaned to college students. Retained earnings reserves have been established for plant improvement and replacement and for operations of the enterprise fund as a requirement of the revenue bond covenants.

##### **Q. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

##### **R. Interfund Transactions**

During the course of normal operations the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### R. Interfund Transactions (continued)

Nonrecurring and nonroutine transfers of equity between funds, capital contributions to the Enterprise fund, the subsequent return of all or part of such contributions, and the transfer of residual balances of discontinued funds or projects to the General fund, Capital Projects funds, or Debt Service funds (when financed with debt proceeds) are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed. Quasi-external transactions are accounted for as revenues and expenditures or expenses.

##### S. Use of Estimates

The preparation of 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 could differ from those estimates.

##### T. Total Columns on General Purpose Financial Statements

Total Columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

When the title of a statement indicates that component units are included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1). The total column on statements which do not include component units have no additional caption.

#### NOTE 3 - RESTATEMENT OF PRIOR YEAR'S FUND EQUITY

During 1999, the Joint Solid Waste Management District, which was previously reported as an agency fund, became an investment trust fund in accordance with Governmental Accounting Standards Board Statement No. 31 "Accounting and Financial Reporting for Certain Investments and External Investment Pools." The reclassification of the fund increased net assets by \$1,207,347, from \$1,580,599 to \$2,787,946 as it was previously reported at December 31, 1998.

Also, during 1999, the Special Assessment Bond Retirement debt service fund was restated \$144,070 to decrease advances from other funds due to insufficient monies to repay those advances. As a result, the fund equity for the debt service fund type increased \$144,070, from \$1,154,620 to \$1,298,690.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following funds had deficit fund balances as of December 31, 1999:

	<u>Deficit</u>
<u>Special Revenue Fund:</u>	
Clerk of Courts - Title	\$13,258
<u>Capital Projects Funds:</u>	
Detailed Planning - Water	6,049
Detailed Planning - Sewer	3,367,814
Special Assessment Notes - Ditches	798,357
Issue II	6,818

The deficits in the Clerk of Courts - Title special revenue fund and the Issue II capital projects fund arose as a result of applying generally accepted accounting principles. The deficits in the other funds arose from the requirement to report bond anticipation note proceeds used to finance the project as a fund liability. The deficits will be alleviated when the bonds are issued or when the notes are paid.

The following account had expenditures plus encumbrances in excess of appropriations for the year ended December 31, 1999:

	<u>Appropriation</u>	Expenditures Plus Encumbrances	<u>Excess</u>
Capital Projects Fund			
Issue II			
Capital Outlay	<u>\$409,114</u>	<u>\$650,193</u>	<u>\$241,079</u>

The following account had appropriations in excess of estimated resources for the year ended December 31, 1999:

	<u>Estimated Revenues</u>	<u>Appropriations</u>	<u>Excess</u>
Capital Projects Fund			
CDBG/Issue II			
Capital Outlay	<u>\$234,729</u>	<u>\$680,786</u>	<u>\$446,057</u>

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balances/fund equity 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Proprietary Fund Types and Non-expendable Trust Fund - Primary Government, 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)**

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis) and note disclosure for proprietary fund types and non-expendable trust funds (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds and non-expendable trust funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Cash accounts which are held separately by the County are not budgeted but are recorded on the GAAP basis as Cash and Cash Equivalents in Segregated Accounts.

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Funds				
	General	Special Revenue	Debt Service	Capital Projects	Expendabl e
GAAP Basis	(\$505,569)	\$3,378,552	\$124,535	(\$846,659)	(\$8,824)
<u>Increase (Decrease) Due To</u>					
Revenue Accruals:					
Accrued 1998, Received in Cash	1,606,382	870,783	99,869	160,639	0
Accrued 1999, Not Yet Received in Cash	(1,466,964)	(646,258)	(100,272)	(205,445)	0
Expenditure Accruals:					
Accrued 1998, Paid in Cash 1999	(1,057,003)	(2,657,490)	(4,079)	(492,324)	(1,000)
Accrued 1999, Not Yet Paid in Cash	1,329,624	2,765,168	15,803	1,539,659	0
Prepaid Items	10,637	17,332	0	(640)	0
Revolving Loans:					
New Loans	0	(10,000)	0	0	(2,400)
Repayments	0	34,353	0	0	2,630
Notes Payable:					
Issued	0	0	0	7,575,000	0
Retired	0	0	0	(9,430,000)	0
Advances - In	494,241	7,000	0	25,340	0
Advances - Out	(32,340)	(7,000)	(5,117)	(570,124)	0
Reclassification of Debt Activity	48,923	0	(221,158)	36,087	0
Nonbudgeted Activity	(15,807)	6,695	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(657,662)	(2,984,703)	0	(3,257,405)	0
Budget Basis	(\$245,538)	\$774,432	(\$90,419)	(\$5,465,872)	(\$9,594)

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)**

	Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Transfers and Advances Proprietary Fund Types and Nonexpendable Trust		
	Enterprise	Internal Service	Nonexpendable Trust
	<u>          </u>	<u>          </u>	<u>          </u>
GAAP Basis	\$60,133	(\$474,186)	\$111
<u>Increase (Decrease) Due To</u>			
Revenue Accruals:			
Accrued 1998, Received in Cash 1999	1,046,502	126,402	0
Accrued 1999, Not Yet Received in Cash	(1,108,572)	(135,547)	0
Expense Accruals:			
Accrued 1998, Paid in Cash 1999	(192,670)	(365,703)	0
Accrued 1999, Not Yet Paid in Cash	250,693	697,396	0
Materials and Supplies Inventory	683	0	0
Acquisition of Fixed Assets	(82,935)	0	0
Depreciation Expense	1,035,444	0	0
Loss on Disposal of Fixed Assets	7,085	0	0
Advances-In	88,000	0	0
Loan Principal Retirement	(57,291)	0	0
Bond Principal Retirement	(235,000)	0	0
Amortization of Bond Discount	6,415	0	0
Amortization of Bond Issuance Cost	3,780	0	0
Nonbudgeted Activity	(51)	(395)	0
Encumbrances Outstanding at Year End (Budget Basis)	<u>(174,493)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u><u>\$647,723</u></u>	<u><u>(\$152,033)</u></u>	<u><u>\$111</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

**Primary Government**

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 demand 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 can be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

##### Primary Government (continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio;

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

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (continued)**

**Primary Government (continued)**

At year-end, the County had \$270,632 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements".

At year-end, the carrying amount of the County's deposits was (\$4,133,077), and the bank balance was \$3,310,728. Of the bank balance, \$1,176,441 was covered by federal depository insurance. The remaining amount of \$2,134,287 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed and for some deposits collateral was held by pledging financial institutions' trust department in the County's name, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered for which the securities are held by the County or by the County's agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. Money market funds, mutual funds, and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Federal Farm Credit Bank Notes	\$3,269,602	\$3,269,602	\$3,269,602
Federal Home Loan Bank Notes	9,067,532	9,067,532	9,067,532
Federal Home Mortgage Corporation Notes	1,612,862	1,612,862	1,612,862
Federal National Mortgage Association Notes	7,349,225	7,349,225	7,349,225
U.S. Treasury Notes	1,234,375	1,234,375	1,234,375
Commercial Paper	2,216,385	2,216,385	2,216,385
Repurchase Agreements	650,012	650,012	650,012
	<u>\$25,399,993</u>	25,399,993	25,399,993
STAR Ohio		22,197,836	22,197,836
U.S. Treasury Security Money Market Fund		701,127	701,127
Bank One Money Market		7,019,899	7,019,899
Bank One Ohio Trust		148,539	148,539
Grand Total		<u>\$55,467,394</u>	<u>\$55,467,394</u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS (continued)**

**Primary Government (continued)**

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
	<u>                    </u>	<u>                    </u>
GASB Statement No. 9	\$51,604,949	\$0
Cash on Hand	(270,632)	0
Investments:		
Federal Farm Credit Bank Notes	(3,269,602)	3,269,602
Federal Home Loan Bank Notes	(9,067,532)	9,067,532
Federal Home Mortgages Corporation Notes	(1,612,862)	1,612,862
Federal National Mortgage Association Notes	(7,349,225)	7,349,225
U.S. Treasury Notes	(1,234,375)	1,234,375
Commercial Paper	(2,216,385)	2,216,385
Repurchase Agreements	(650,012)	650,012
STAR Ohio	(22,197,836)	22,197,836
U.S. Treasury Security Money Market	(701,127)	701,127
Bank One Money Market	(7,019,899)	7,019,899
Bank One Ohio Trust	(148,539)	148,539
GASB Statement No. 3	<u>\$ (4,133,077)</u>	<u>\$55,467,394</u>

**Component Units**

**Marimor Industries, Inc.** - At year end, the carrying amount of Marimor Industries, Inc. deposits was \$150,585. The investments are carried at fair market values. Of these investments, mutual funds have a fair value of \$219,056 and the long-term certificates of deposit have a fair value of \$419,959.

**LODDI, Inc.** - At year end, the carrying amount of LODDI, Inc. deposits was \$25,322.

These amounts are classified as "Cash and Cash Equivalents and Investments in Segregated Accounts" on the balance sheet. There are no statutory guidelines regarding the deposit of funds by the not-for-profit corporations.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 7 - INVESTMENT POOL**

The County serves as fiscal agent for the Metropolitan Park Board and the Joint Solid Waste Management District which are legally separate entities. The County pools the monies of these entities with the County's for investment purposes. The County cannot allocate its investments between the internal and external investment pools. The investment pool is not registered with the Securities Exchange Commission 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 the interest that it earns. Condensed financial information for the investment pool is as follows:

Statement of Net Assets  
December 31, 1999

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$48,027,667
Interest Receivable	353,657
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>1,332,169</u>
Total Assets	<u>\$49,713,493</u>
 <u>Net Assets Held in Trust for Pool Participants</u>	
Internal Portion	\$46,779,734
External Portion	<u>2,933,759</u>
Total Net Assets Held in Trust for Pool Participants	<u>\$49,713,493</u>

Statement of Changes in Net Assets  
For the Year Ended December 31, 1999

<u>Revenues</u>	
Interest	\$2,508,519
<u>Expenses</u>	
Operating Expenses	<u>0</u>
Net Increase in Assets Resulting from Operations	2,508,519
Distribution to Participants	(2,676,676)
Capital Transactions	<u>2,106,576</u>
Total Increase in Net Assets	1,938,419
Net Assets Beginning of Year	<u>47,775,074</u>
Net Assets End of Year	<u>\$49,713,493</u>

At year end, the carrying amount of the pools deposits was (\$4,996,834) and the bank balance was \$1,018,756. Of the bank balance, \$118,756 was covered by federal depository insurance and \$900,000 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 7 - INVESTMENT POOL (continued)**

At year end, the investments of the pool classified according to GASB Statement No. 3 were as follows:

	Category <u>3</u>	Fair Value
Federal Farm Credit Bank Notes	\$3,269,602	\$3,269,602
Federal Home Loan Bank Notes	9,067,532	9,067,532
Federal Home Mortgage Corporation Notes	1,612,862	1,612,862
Federal National Mortgage Association Notes	7,349,225	7,349,225
U.S. Treasury Notes	1,234,375	1,234,375
Commercial Paper	2,216,385	2,216,385
	<u>\$24,749,981</u>	24,749,981
STAR Ohio		22,197,836
Bank One Money Market		7,019,899
Bank One Ohio Trust		148,539
Total Investments		<u>\$54,116,255</u>

STAR Ohio accounts have an interest rate of 5.53 percent. Other investments interest rates and maturities are as follows:

	Interest Rate	
Federal Farm Credit Bank Notes	5.125 - 5.90%	August 2001 - September 2003
Federal Home Loan Bank Notes	4.875 - 5.62%	January 2001 - October 2003
Federal Home Mortgage Corporation Notes	4.75 - 5.26%	January 2001 - December 2001
Federal National Mortgage Association Notes	5.07 - 6.38%	January 2000 - February 2004
U.S. Treasury Notes	4.625%	November 2000
Commercial Paper	5.71 - 6.35%	January 2000 - February 2000

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and <u>Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$49,359,836	\$0
Cash on Hand	(240,415)	0

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 7 - INVESTMENT POOL (continued)**

	Cash and Cash Equivalents/Deposits	Investments
Investments:		
Federal Farm Credit Bank Notes	(3,269,602)	3,269,602
Federal Home Loan Bank Notes	(9,067,532)	9,067,532
Federal Home Mortgages Corporation Notes	(1,612,862)	1,612,862
Federal National Mortgage Association	(7,349,225)	7,349,225
U.S. Treasury Notes	(1,234,375)	1,234,375
Commercial Paper	(2,216,385)	2,216,385
STAR Ohio	(22,197,836)	22,197,836
Bank One Money Market	(7,019,899)	7,019,899
Bank One Ohio Trust	(148,539)	148,539
GASB Statement No. 3	(\$4,996,834)	\$54,116,255

**NOTE 8 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last reappraisal was completed in 1997. Real property taxes are payable annually or semiannually. The first payment is due December 31, with the remainder payable by June 20, unless extended.

Public utility real, and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Taxes collected on tangible personal property (other than public utility property) in one calendar year are levied in the prior calendar year on assessed values as of December 31 of the current year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semiannually. The first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing district their portion of taxes collected. The collection and distribution of taxes for the County and for all subdivisions within the County is accounted for through agency funds. The amount of the County's tax collections which will flow through an agency fund is reported as "Taxes Receivable" on the combined balance sheet in both the agency fund and the governmental fund which will receive the tax distribution.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 8 - PROPERTY TAXES (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real, public utility, and tangible personal property taxes which were measurable and unpaid as of December 31, 1999. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 1999 operations.

The full tax rate for all County operations for the year ended December 31, 1999 was \$7.70 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$1,114,016,560
Public Utility Personal Property	121,455,450
Tangible Personal Property	<u>376,988,118</u>
Total Assessed Value	<u>\$1,612,460,128</u>

#### NOTE 9 - PERMISSIVE SALES AND USE TAX

In 1967, the County Commissioners by resolution imposed a one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection.

The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund, the Motor Vehicle License Tax, 911 Systems, and the Jail Maintenance Special Revenue Funds, the General Obligation Bond Retirement Debt Service Fund, and the Building and Expansion and Economic Development Capital Projects Funds. Amounts that are to be received within the available period are accrued as revenue.

#### NOTE 10 - RECEIVABLES

Receivables at December 31, 1999, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment.

Loans receivable represent low interest notes for development projects and home improvements granted to eligible County residents and businesses under the Federal Community Development Block Grant program and are administered by the Port Authority of Allen County. The loans bear interest at an annual rate of six to eight percent. The loans are to be repaid over periods ranging from five to fifteen years.

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

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 10 - RECEIVABLES (continued)**

A summary of the principal items of due from other governments follows:

<u>General Fund:</u>	<u>Amount</u>
Detention and Treatment	\$122,460
Defense of Indigents	84,493
Juvenile Court - Detention Facility	66,433
GIS	43,050
Prisoner Housing Costs	37,512
Juvenile Court - Rehabilitation	23,344
Local Government	23,131
Sheriff's Contract	20,688
Sheriff - Byrne Memorial Grant	5,187
Sheriff - Young Safe Driver's/COPS Grant	3,004
School Lunch/Milk Program	2,691
Reimburse Sheriff Salary	1,867
<b>Total General Fund</b>	<b>433,860</b>
<u>Special Revenue Funds:</u>	
Title XIX	134,712
Motor Vehicle License Tax	119,170
Gasoline Tax - Excise	113,063
Township and Village Road Work	27,839
OPOTA	23,000
Permissive Motor Vehicle License Tax	19,153
Fines and Costs	18,191
RSC	7,755
Marimor - Hot Lunch/Breakfast Grant	6,906
Miscellaneous	2,842
Innovative Education Program Grant	1,324
<b>Total Special Revenue Funds</b>	<b>473,955</b>
<u>Capital Projects Funds:</u>	
MRDD - Bus Reimbursement	54,862
<u>Agency Funds:</u>	
Local Government	382,952
Library Local Government	326,402
Gasoline Tax - Excise	49,078
Motor Vehicle License Tax	32,165
Permissive Motor Vehicle License Tax	17,053
<b>Total Agency Funds</b>	<b>807,650</b>
<b>Total All Funds</b>	<b>\$1,770,327</b>

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 11 - FEDERAL FOOD STAMP PROGRAM

The County's Department of Human Services distributes Federal food stamps, through contracting issuance centers, to entitled recipients within Allen County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. Federal food stamps activity for the year was as follows:

Balance at Beginning of Year	\$1,417,960
Amount Received for Distribution	3,386,358
Amount Distributed to Entitled Recipients	<u>(4,033,534)</u>
Balance at End of Year	<u><u>\$770,784</u></u>

#### NOTE 12 - FIXED ASSETS

A summary of the enterprise funds' and the component units' fixed assets at December 31, 1999, follows:

	Primary Government		Component Units
	Enterprise Fund		Units
Land	\$51,219		\$56,165
Buildings	7,717,680		505,666
Machinery and Equipment	721,683		382,068
Licensed Vehicles	527,267		0
Infrastructure	<u>27,695,823</u>		<u>0</u>
Total	36,713,672		943,899
Less Accumulated Depreciation	<u>(12,101,409)</u>		<u>(369,483)</u>
Fixed Assets Net of Accumulated Depreciation	<u><u>\$24,612,263</u></u>		<u><u>\$574,416</u></u>

A summary of the changes in general fixed assets during 1999 follows:

	Balance December 31, 1998	Additions	Deletions	Balance December 31, 1999
Land	\$4,745,460	\$463,217	\$189,000	\$5,019,677
Buildings	37,220,351	677,198	0	37,897,549
Machinery and Equipment	1,444,037	59,277	111,397	1,391,917
Licensed Vehicles	4,117,414	717,525	158,648	4,676,291
Computers	1,394,687	132,853	39,796	1,487,744
Office Furniture and Equipment	5,323,101	974,327	253,171	6,044,257
Construction in Progress	<u>474,427</u>	<u>3,046,138</u>	<u>474,427</u>	<u>3,046,138</u>
Total	<u><u>\$54,719,477</u></u>	<u><u>\$6,070,535</u></u>	<u><u>\$1,226,439</u></u>	<u><u>\$59,563,573</u></u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 13 - RISK MANAGEMENT**

**A. Insurance Coverages**

The County is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 1999 the County contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Maximum</u>	<u>Deductible</u>
Nationwide	MRDD School District Liability	5,000,000	1,000
Webb Insurance	CSEA Theft, Disappearance, and Destruction:		
	Outside	\$5,000	None
	Inside	20,000	None
	Treasurer's Commercial Crime-Inside	100,000	None
	Treasurer's Commercial Crime-Outside	20,000	None
Folsom-Somerville	Fleet Insurance	1,000,000	100 to 500
	Excess Liability	3,000,000	None
	Boiler & Machinery	3,000,000	250
	General Liability - Voting Places	1,000,000	None
	Inland Marine - Voting Machines/Data		
	Law Enforcement Liability	2,000,000	10,000
	General Liability	2,000,000	None
	Public Officials	2,000,000	15,000
	Buildings and Business - Personal Property	116,517,500	500
	Earthquake	2,000,000	5%
	Inland Marine - Heavy Equipment	1,663,367	200 to 500
	Commercial Crime	100,000	1,000
	Aviation Liability	2,000,000	1,000
	Aviation Physical Damage	210,000	5%
Stolly Insurance	Blanket Bond - Treasurer	50,000	None
	Commercial Crime (per employee)	25,000	None
Petroleum Underground Storage Tank Release Compensation Board	Underground Storage	1,000,000	11,000
Lawyers Professional Liability Insurance	Prosecuting Attorney		
	Professional Liability	1,000,000	5,000
	Personal Injury	1,000,000	5,000
	Criminal Defense	50,000	500
	Disciplinary Proceedings	10,000	500

Settled claims have not exceeded coverage in the aggregate for the past three years. There has not been a significant reduction in coverage from the prior year. The County pays all elected officials' bonds by statute.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 13 - RISK MANAGEMENT (continued)

For 1999, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (see Note 24). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation.

#### B. Self-Insurance Program

The County established an Employee Health Insurance Fund (an internal service fund) to account for and finance employee health benefits. The Employee Health Care Plan is responsible for \$75,000 in claims per individual per year. After that, stop-loss covers up to a lifetime maximum of \$1,000,000 per covered person. In addition, stop loss insurance is purchased for claims in excess of 2.7 million in the aggregate. The County had two occurrences in which settled claims exceeded coverage by the fund on an individual level for 1998 and one in 1999. Settled claims did not exceed coverage provided by the fund in the aggregate for the past three years.

All funds of the County except for the funds of the Child Support Enforcement Agency, Public Assistance, Health Department, and Marimor School participate in the program and make payments to the Employee Health Insurance Fund based on estimates of the annual cost of claims. These rates are paid by the fund from which the employees' compensation is paid.

Claims payable is based on the requirement of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at December 31, 1999 are estimated by the third party administrator at \$697,396.

Year	Balance 12/31/98	Current-Year Claims and Changes in Estimates	Claims Payments	Balance 12/31/99
1999	\$365,703	\$2,519,334	\$2,187,641	\$697,396
1998	307,490	2,247,244	2,189,031	365,703

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 14 -DEFINED BENEFIT PENSION PLANS

##### A. Public Employees Retirement System (PERS)

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the County is required to contribute 13.55 percent; 9.35 percent of the County's contribution was used to fund pension obligations. For law enforcement employees, the employee contribution is 9 percent and the employer contribution is 16.7 percent; 12.5 percent was the portion used to fund pension obligations. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 1999, 1998, and 1997, were \$2,627,398, \$2,474,212, and \$2,131,171, respectively; 85.26 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The unpaid contribution for 1999 is recorded as a liability in the respective funds.

##### B. State Teachers Retirement System (STRS)

Certified teachers, employed by the school for the Mentally Retarded and Developmentally Disabled, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions to STRS for the years ending December 31, 1999, 1998, and 1997, were \$50,197, \$83,105, and \$77,093, respectively; 84.07 percent has been contributed for 1999 and 100 percent has been contributed for 1998 and 1997. The unpaid contribution for 1999 is recorded as a liability in the respective fund.

#### NOTE 15 - POSTEMPLOYMENT BENEFITS

##### A. Public Employees Retirement System:

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available.

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 15 - POSTEMPLOYMENT BENEFITS (continued)

##### A. Public Employees Retirement System: (continued)

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "*Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 1999 was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 1999 was 16.7 percent; 4.2 percent was used to fund health care.

Benefits are funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The County's actual contributions for 1999 which were used to fund OPEB were \$1,139,877.

##### B. State Teachers Retirement System:

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocates employer contributions equal to 2.0 percent of covered payroll to the Health Care Reserve Fund. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8.0 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$66,929 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 1999, was \$2,783 million. For the year ended June 30, 1999, net health care costs paid statewide by STRS were \$249,929,000. There were 95,796 eligible benefit recipients statewide.

#### NOTE 16 - OTHER EMPLOYER BENEFITS

##### Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and standard work week. The County currently has different policies regarding vacation leave. All of the policies state that the County employees are paid for all earned, unused vacation leave at the time of termination of employment with more than one year of service with the County. Employees earn sick leave at varying rates based on whether the employee is union or non-union. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of thirty days.

ALLEN COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)

NOTE 16 - OTHER EMPLOYER BENEFITS (continued)

Compensated Absences (continued)

Unpaid compensated absences of \$64,175 and \$36,181, respectively, were reported as an accrued liability in the general and special revenue funds. The balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$1,799,465. The accrual for unpaid compensated absences of \$61,409 was reported in the enterprise fund.

NOTE 17 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the County entered into capitalized leases for office equipment. During 1999, the County entered into two additional leases for copying equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Leases" for governmental funds. Capital leases are reported as a liability in the general long-term obligations account group. Capital lease payments are reflected as debt service expenditures for the governmental funds. Equipment acquired by lease has been capitalized in the General Fixed Assets Account Group at an amount equal to the present value of the future minimum lease payments at the time of acquisition. The carrying value of leased assets in the General Fixed Assets Account Group is \$103,439.

A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 1999 totaled \$18,289 for the governmental funds.

Future minimum lease payments through 2003 for the governmental funds are as follows:

<u>Year</u>	<u>General Long- Term Obligation Account Group</u>
2000	\$32,028
2001	19,691
2002	19,362
2003	<u>14,255</u>
Total	85,336
Less: Amount Representing Interest	<u>(21,949)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$63,387</u></u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18 - LONG-TERM DEBT**

The changes in the County's long-term obligations during the year consisted of the following:

	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
<u>General Long-Term Obligations:</u>				
<u>Bond Anticipation Notes:</u>				
<u>General Obligation Notes:</u>				
Election Equipment	\$170,000	\$0	\$170,000	\$0
East Side of Interstate 75	2,825,000	2,825,000	2,825,000	2,825,000
West Side of Interstate 75	2,439,000	2,439,000	2,439,000	2,439,000
Downtown	1,298,000	1,298,000	1,298,000	1,298,000
Civic Center	208,000	208,000	208,000	208,000
Civic Center	0	3,750,000	0	3,750,000
Civic Center	0	700,000	0	700,000
Total General Obligation Notes	<u>6,940,000</u>	<u>11,220,000</u>	<u>6,940,000</u>	<u>11,220,000</u>
<u>Special Assessment Notes:</u>				
Bath Township Trustees	750,000	750,000	750,000	750,000
Ditch Improvement	70,000	70,000	70,000	70,000
Findlay/Ada/Stewart Roads	65,000	0	65,000	0
Lehman Road Group #1182	0	6,000	0	6,000
Ft. Shawnee Phase II Water #17-129	0	5,000	0	5,000
Ottawa River Bend	0	100,000	0	100,000
East Road Waterline	0	55,000	0	55,000
Allentown Sewer Improvement Area	0	875,000	0	875,000
Allentown Road Sewer Extension DPA	0	20,000	0	20,000
Total Special Assessment Notes	<u>885,000</u>	<u>1,881,000</u>	<u>885,000</u>	<u>1,881,000</u>
Total Bond Anticipation Notes	<u>7,825,000</u>	<u>13,101,000</u>	<u>7,825,000</u>	<u>13,101,000</u>
<u>General Obligation Bonds:</u>				
1993 County Office Building - 6.00%	3,265,000	0	125,000	3,140,000
1993 County Justice Center - 6.00%	9,050,000	0	335,000	8,715,000
1994 Justice Center Escrow Bond - 5.00 to 6.00%	95,000	0	30,000	65,000
1994 Judgement Bonds - 6.00%	180,000	0	180,000	0
Total General Obligation Bonds	<u>12,590,000</u>	<u>0</u>	<u>670,000</u>	<u>11,920,000</u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18 - LONG-TERM DEBT (continued)**

	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
<u>Special Assessment Bonds:</u>				
1980 Sewer Project T-1p - 8.25%	30,000	0	0	30,000
1983 Bath-Perry Sewer - 9.75%	24,000	0	4,000	20,000
1985 St. John's Waterline - 8.875%	50,000	0	5,000	45,000
1990 Project #17-700, 17-800 - 5.90 to 7.20%	500,000	0	30,000	470,000
1991 Waterline Improvement - 4.75 to 6.90%	570,000	0	30,000	540,000
1992 Various Purpose Issue - 2.90 to 6.30 %	410,000	0	25,000	385,000
1993 Project #17-400, 17-500, 11-80 6.00%	3,410,000	0	325,000	3,085,000
1994 Ft. Shawnee Waterline Improvement - 6.50%	2,835,000	0	110,000	2,725,000
<b>Total Special Assessment Bonds</b>	<b>7,829,000</b>	<b>0</b>	<b>529,000</b>	<b>7,300,000</b>
<u>Other Long-Term Obligations:</u>				
Compensated Absences Payable	1,625,479	1,799,465	1,625,479	1,799,465
Issue II Loan Payable - 0.00%	126,141	21,200	0	147,341
Capital Leases Payable	71,846	9,830	18,289	63,387
<b>Total Other Long-Term Obligations</b>	<b>\$1,823,466</b>	<b>\$1,830,495</b>	<b>\$1,643,768</b>	<b>\$2,010,193</b>
<b>Total General Long-Term Obligations</b>	<b>30,067,466</b>	<b>14,931,495</b>	<b>10,667,768</b>	<b>34,331,193</b>
<u>Enterprise Fund Obligations:</u>				
<u>Revenue Bonds:</u>				
1993 Sewer System Revenue Bonds - 3.1 to 5.75%	7,888,180	3,780	235,000	7,656,960
<u>Other Long-Term Obligations:</u>				
OWDA Loan Payable - 5.50%	36,740	0	36,740	0
Issue II Loan Payable - 0.00%	364,490	0	20,551	343,939
<b>Total Other Long-Term Obligations</b>	<b>401,230</b>	<b>0</b>	<b>57,291</b>	<b>343,939</b>
<b>Total Enterprise Fund Obligations</b>	<b>8,289,410</b>	<b>3,780</b>	<b>292,291</b>	<b>8,000,899</b>
<b>Total Long-Term Obligations</b>	<b>\$38,356,876</b>	<b>\$14,935,275</b>	<b>\$10,960,059</b>	<b>\$42,332,092</b>

The General Obligation and Special Assessment notes payable Have been reported in GLTDAG, since the obligations have been re-issued after the balance sheet date for the purpose of refinancing those short-term obligations on a long-term basis.

All general obligation bonds are supported by the full faith and credit of the County. General obligation bonds are presented as a liability in the general long-term obligations account group and will be paid from unvoted property taxes.

ALLEN COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)

NOTE 18 - LONG-TERM DEBT (continued)

Special assessment debt is backed by the full faith and credit of the County and will be paid from the proceeds of special assessments levied against benefitted property owners. In the event that property owners fail to make their special assessment payments, the County is responsible for providing the resources to meet annual principal and interest payments.

The Issue II and the OWDA Loans are paid from operating revenues of the sewer enterprise fund. The Issue II Loan reflected in the general long term debt account group will be repaid from resources of the governmental funds. In 1998, the County was authorized to borrow \$228,360 of Issue II funds. Only \$147,341 was actually borrowed and that project is now complete.

On April 1, 1993, the County issued \$9,000,000 sewer system revenue bonds at 98.95% for twenty-five years with interest rates ranging from 3.10% to 5.75% for the construction of new treatment facilities in the American-Bath Subdistrict and Shawnee #2 Subdistrict to be paid from the enterprise fund. During 1999, \$3,780 of the discount was amortized and \$68,040 remains to be amortized in future years. In conjunction with the issuance of the sewer system revenue bonds, the County entered into a trust agreement with Bank One Ohio Trust Company. This trust agreement requires that the County establish various accounts for the repayment of debt. Certain restricted assets in the sewer fund are held by the trustees in accordance with the trust agreement.

Restricted assets relating to the sewer revenue bonds consisted of the following at December 31, 1999:

Restricted assets held by the trustee for future debt service	\$700,704
Restricted assets held by the trustee for current debt service	423
Restricted assets held by the County for operations	1,110,343
Restricted assets held by the County for replacement and improvement	104,684
Restricted assets held by the County for future debt service	117,142

The 1993 Sewer System Revenue Bonds maturing on December 1, 2013 and December 1, 2018, are subject to mandatory sinking fund redemption prior to maturity from funds in the Sinking Fund subaccount of the Bond Account. The Bond Account was created by the Bond Legislation by lot by the Trustee without action by the County at par plus accrued interest to the date of redemption in the following principal amounts on December 1, of each of the following years:

2007	\$345,000
2008	365,000
2009	385,000
2010	405,000
2011	430,000
2012	455,000
2013	480,000
2014	505,000
2015	535,000
2016	560,000
2017	595,000

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 18 - LONG-TERM DEBT (continued)

Unless previously redeemed, the remaining principal amount of \$625,000 will mature at stated maturity (December 1, 2018). 1993 bonds as may be outstanding and mature on or after December 1, 2003, are also subject to redemption prior to maturity at the option of the County in whole or in part on or after December 1, 2002, or any interest payment date thereafter, at the percentage of the principal amount thereof set forth as follows, plus accrued interest to the redemption date:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2002 through November 30, 2003	102%
December 1, 2003 through November 30, 2004	101
December 1, 2004 and thereafter	100

The County Office Building, County Justice Center, and Project #17-400, 17-500, and 11-880 bonds maturing on or after December 1, 2004 are subject to redemption prior to maturity at the option of the County in whole or in part, in inverse order of maturity, on December 1, 2002 or thereafter, at the percentage of the principal amount thereof set forth as follows, plus accrued interest to the redemption date:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2002 through November 30, 2003	102%
December 1, 2003 through November 30, 2004	101
December 1, 2004 and thereafter	100

The Various Purpose Issue and the Project #17-700, 17-800 bonds maturing on or after December 1, 2003 are subject to redemption prior to maturity at the option of the County on or after December 2, 2002, in inverse order of maturity and by lot within a maturity, as a whole at any time or in part on any interest payment date, at the following percentages of the principal amount of the Bonds called for redemption:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2002 through November 30, 2003	102%
December 1, 2003 through November 30, 2004	101
December 1, 2004 and thereafter	100

The Waterline Improvement bonds maturing on or after December 1, 2002, are subject to option redemption, as a whole at anytime or in part on any interest payment date in inverse order of maturity and by lot within a maturity, at the option of the County on or after December 1, 2001 as follows:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2001 through November 30, 2002	102%
December 1, 2002 through November 30, 2003	101
December 1, 2003 and thereafter	100

The bonds maturing on or after December 1, 2001, are subject to redemption prior to maturity at the option of the County on or after December 1, 2000, in inverse order of maturity, either in whole, or in part, at the following percentages of the principal amount of the bonds called for redemption:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2000 through November 30, 2001	102%
December 1, 2001 through November 30, 2002	101
December 1, 2002 and thereafter	100

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 18 - LONG-TERM DEBT (continued)

The Fort Shawnee Waterline Improvement bonds maturing on and after December 1, 2005 are subject to optional redemption on any date on and after December 1, 2004, in whole or in part, in inverse order of maturity and by lot within any maturity, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued interest to the date of redemption:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption Prices</u>
December 1, 2004 through November 30, 2005	102%
December 1, 2005 through November 30, 2006	101
December 1, 2006 and thereafter	100

Compensated absences liabilities will be paid from the fund from which the employees' salaries are paid. Compensated absences are presented net because it is not practical to determine the actual increases or decreases. Capital lease obligations will be paid from the fund that maintains custody of the related asset.

In 1998, the County issued economic development revenue bonds and health care facilities revenue bonds in the amount of \$11,000,000 and \$4,800,000, respectively, to provide financial assistance to private-sector entities for the acquisition, construction, renovating, and equipping of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loan or lease and the trust agreements.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The County is not obligated in any way to pay the debt and related charges on revenue bonds from any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 1999, the aggregate principal amount payable on these bonds is \$15,800,000.

In 1999, the County issued health care facilities revenue bonds in the amount of \$1,500,000, to provide financial assistance to the Mennonite Memorial Home Project for the acquisition, construction, renovating, and equipping of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying loan or lease and the trust agreements. Upon repayment of the bonds, ownership of the acquired facilities transfers to Mennonite Memorial Home. The County is not obligated in any way to pay the debt and related charges on revenue bonds from any of its funds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 1999, the principal amount payable on these bonds is \$1,500,000.

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

The effects of the debt limitations described above at December 31, 1999 are an overall debt margin of \$25,809,728 and an unvoted debt margin of \$3,122,826.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18 - LONG-TERM DEBT (continued)**

The following is a summary of the County's future annual debt service requirements, including interest, for long-term obligations:

**Primary Government**

**Governmental Funds**

Years	Issue II Loan	General Obligation Bonds	Special Assessment Bonds	Total
2000	\$3,684	\$1,125,350	\$978,689	\$2,107,723
2001	7,367	1,126,950	990,580	2,124,897
2002	7,367	1,116,815	969,734	2,093,916
2003	7,367	1,120,965	973,097	2,101,429
2004	7,367	1,113,125	973,942	2,094,434
2005 - 2009	36,835	5,588,920	3,699,785	9,325,540
2010 - 2014	36,835	5,595,850	1,628,225	7,260,910
2015 - 2020	40,519	1,116,180	0	1,156,699
	<u>\$147,341</u>	<u>\$17,904,155</u>	<u>\$10,214,052</u>	<u>\$28,265,548</u>

**Enterprise Funds**

Years	Issue II Loans	Revenue Bonds	Total
2000	\$10,276	\$675,722	\$685,998
2001	20,551	674,085	694,636
2002	20,551	676,590	697,141
2003	20,551	673,090	693,641
2004	20,551	673,670	694,221
2005 - 2009	102,755	3,370,483	3,473,238
2010 - 2014	102,755	3,374,463	3,477,218
2015 - 2017	45,949	2,703,163	2,749,112
	<u>\$343,939</u>	<u>\$12,821,266</u>	<u>\$13,165,205</u>

**Component Units**

Component Unit Obligations	Outstandin g 12/31/98	Issue d	Retired	Outstandin g 12/31/99
<u>LODDI, Inc.</u>				
Mortgage Notes Payable	\$175,698	\$0	\$10,727	\$164,971

The mortgage notes payable for the component unit LODDI, Inc. are a result of LODDI purchasing properties located within Allen County. The notes are currently held by The Commercial Bank of Delphos, Ohio and Fifth-Third Bank, Western Ohio. The notes will be repaid with operating revenues.

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 18 - LONG-TERM DEBT (continued)**

The following is a summary of the component units' future annual debt service requirements for the notes payable:

	<u>Mortgage Loans (Principal only)</u>
2000	\$11,103
2001	12,074
2002	13,057
2003	14,053
2004	15,049
Thereafter	<u>99,635</u>
	<u>\$164,971</u>

**NOTE 19 - NOTES PAYABLE**

A summary of the note transactions for the year ended December 31, 1999 follows:

	<u>Balance 12/31/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/99</u>
<u>General Obligation Notes</u>				
East Side of Interstate 75 - 4.05%	\$95,685	\$0	\$95,685	\$0
West Side of Interstate 75 - 4.05%	83,000	0	83,000	0
Downtown - 4.05%	44,315	0	44,315	0
Civic Center - 4.05%	7,000	0	7,000	0
Civic Center - 3.50%	3,750,000	0	3,750,000	0
Civic Center - 3.50%	0	700,000	700,000	0
Total General Obligation Notes	<u>3,980,000</u>	<u>700,000</u>	<u>4,680,000</u>	<u>0</u>
<u>Special Assessment Notes</u>				
Sandy Ditch #1170 - 4.80%	17,000	0	17,000	0
Lehman Road Group #1182 - 4.55%	7,000	0	7,000	0
Bath Township Trustees #1169 - 4.10%	150,000	0	150,000	0
Ditch Improvement - 4.25%	155,000	0	155,000	0
Bath Township Sewer - 4.25%	0	3,165,000	0	3,165,000
Bath Township Sewer - 3.50%	0	3,165,000	3,165,000	0
Bellinger Ditch #1188 - 4.30%	0	162,000	0	162,000
Dug Run Ditch #1151 - 4.30%	0	358,000	0	358,000
Findlay/Ada/Stewart #11-885 - 4.35%	0	25,000	25,000	0
Fort Shawnee Phase II Water - 4.26	12,000	0	12,000	0
Ottawa River Bend - 4.05%	125,000	0	125,000	0
Ottawa River Bend - 3.50%	105,000	0	105,000	0
East Road Waterline -3.50%	75,000	0	75,000	0
Allentown Sewer Improvement - 3.50%	890,000	0	890,000	0
Allentown Road Sewer Extension - 4.77%	55,000	0	24,000	31,000
Total Special Assessment Notes	<u>1,591,000</u>	<u>6,875,000</u>	<u>4,750,000</u>	<u>3,716,000</u>
Total Notes Payable	<u>\$5,571,000</u>	<u>\$7,575,000</u>	<u>\$9,430,000</u>	<u>\$3,716,000</u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 19 - NOTES PAYABLE (continued)**

By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50% of anticipated revenue collections. The County has issued bond anticipation notes which will be rolled over annually until paid in full or bonds are issued. The note liability is reflected in the fund which received the proceeds. The special assessment notes are backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt.

**NOTE 20 - INTERFUND TRANSACTIONS**

Interfund balances at December 31, 1999, consist of the following individual fund receivables and payables:

	<u>Due To/From Other Funds</u>		<u>Advances To/From Other Funds</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$0</u>	<u>\$0</u>	<u>\$1,203,597</u>	<u>\$1,970,500</u>
Special Revenue Funds:				
Auditor \$2 Transfer Fee	0	0	0	300,000
Public Assistance	0	49,069	0	0
Sheriff's Law Enforcement	0	0	0	7,000
Child Support Enforcement Agency	0	0	1,300,000	0
DRETAC	0	554	0	0
MRDD	1,408	0	1,047,538	0
Children's Services	47,061	0	0	0
Felony Care	0	1,094	0	0
Adult Probation	0	0	0	0
Ditch Maintenance	0	0	0	130,500
Total Special Revenue Funds	<u>48,469</u>	<u>50,717</u>	<u>2,347,538</u>	<u>437,500</u>
Debt Service Fund				
Special Assessments Bond	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,535</u>
Capital Projects Funds				
Detailed Planning - Water Projects	0	0	0	34,500
Detailed Planning - Sewer Projects	0	0	0	212,329
Marimor Permanent Improvement	0	0	0	1,047,538
Special Assessment Notes - Ditches	0	0	0	758,562
Building and Expansion	0	0	670,500	0
Total Capital Projects Funds	<u>0</u>	<u>0</u>	<u>670,500</u>	<u>2,052,929</u>
Enterprise Fund				
Sewer	<u>0</u>	<u>0</u>	<u>246,829</u>	<u>0</u>
Agency Fund				
Health Department	600	0	0	0
Court Agency	1,648	0	0	0
Total Agency Funds	<u>2,248</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total All Funds	<u>\$50,717</u>	<u>\$50,717</u>	<u>\$4,468,464</u>	<u>\$4,468,464</u>

**ALLEN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**NOTE 21 - CONDENSED FINANCIAL STATEMENTS - DISCRETELY PRESENTED COMPONENT UNITS**

**Balance Sheets**

	<u>Marimor Industries</u>	<u>LODDI</u>	<u>Total Component Units</u>
<u>Assets:</u>			
Current Assets	\$910,312	\$29,109	\$939,421
Property, Plant, and Equipment (Net of accumulated depreciation)	<u>79,399</u>	<u>495,017</u>	<u>574,416</u>
Total Assets	<u>\$989,711</u>	<u>\$524,126</u>	<u>\$1,513,837</u>
<u>Liabilities:</u>			
Current Liabilities	\$29,362	\$495	\$29,857
Long-Term Mortgages Payable	<u>0</u>	<u>164,971</u>	<u>164,971</u>
Total Liabilities	<u>29,362</u>	<u>165,466</u>	<u>194,828</u>
<u>Equity:</u>			
Fund Balance-Unreserved	<u>960,349</u>	<u>358,660</u>	<u>1,319,009</u>
Total Liabilities and Equity	<u>\$989,711</u>	<u>\$524,126</u>	<u>\$1,513,837</u>

**Operating Statements**

	<u>Marimor Industries</u>	<u>LODDI</u>	<u>Total Component Units</u>
<u>Income</u>	<u>\$840,443</u>	<u>\$62,288</u>	<u>\$902,731</u>
<u>Expenses:</u>			
Expenses Excluding Depreciation	710,895	46,801	757,696
Depreciation	<u>45,310</u>	<u>12,642</u>	<u>57,952</u>
Total Expenses	<u>756,205</u>	<u>59,443</u>	<u>815,648</u>
Excess of Income Over			
Expenses	84,238	2,845	87,083
Other Income	<u>43,604</u>	<u>0</u>	<u>43,604</u>
Excess of Income and			
Other Income Over Expenses	127,842	2,845	130,687
Fund Balance at Beginning of Year	<u>832,507</u>	<u>355,815</u>	<u>1,188,322</u>
Fund Balance at End of Year	<u>\$960,349</u>	<u>\$358,660</u>	<u>\$1,319,009</u>

**NOTE 22 - JOINT VENTURE**

**Alcohol, Drug Addiction and Mental Health Services Board of Allen, Auglaize and Hardin Counties**

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

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 22 - JOINT VENTURE (continued)

##### **Alcohol, Drug Addiction and Mental Health Services Board of Allen, Auglaize and Hardin Counties**

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

The Alcohol, Drug Addiction and Mental Health Services Board is a joint venture since continued participation by the County is necessary for the continued existence. Allen County acts as the fiscal agent for the Alcohol, Drug Addiction and Mental Health Services Board. The Board receives tax revenue from the three counties and receives federal and state funding through grant monies which are applied for and received by the Board of Trustees. The Alcohol, Drug Addiction and Mental Health Services Board is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The County did not contribute to the Alcohol, Drug Addiction and Mental Health Services Board in 1999 and does not anticipate any future contributions. Complete financial statements can be obtained from the Alcohol, Drug Addition and Mental Health Services Board, Allen County, Ohio.

#### NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS

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

The Lima-Allen County Regional Planning Commission is a political organization as established and set forth under Section 713.21 et seq. of the Ohio Revised Code. Representation on the Commission consists of six delegates and six alternates appointed by the Allen County Board of Commissioners, one delegate and one alternate for each 5,000 persons determined by the last federal decennial census from each municipal corporation and each of the townships participating in the Commission; provided that in no event shall any cooperating municipality or township have less than one delegate and one alternate to the Commission. Each participating municipality and township contributes in each calendar year twenty cents per capita according to the latest federal census. Duties of the Commission include making studies, maps, plans and other reports of the County and adjoining areas, showing recommendations for systems of transportation, highways, park and recreational facilities, water supply, sewerage disposal, garbage disposal, civic centers and other public improvements and land uses which affect the development of the region. The Commission has the authority to employ an Executive Director, engineers, accountants, attorneys, planners and others as may be necessary and set their compensation.

In 1999, the County paid membership fees of \$76,828, which represents 12 percent of total revenue. Complete financial statements can be obtained from the Lima-Allen County Regional Planning Commission, Allen County, Ohio.

##### **B. Joint Solid Waste Management District**

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

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 23 - JOINTLY GOVERNED ORGANIZATIONS (continued)

##### B. Joint Solid Waste Management District (continued)

Allen County, being the largest of the six counties, initially contributed 33 percent of the total funds contributed, and is the fiscal agent for the District. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties involved. The County did not contribute to the Joint Solid Waste Management District in 1999 and does not anticipate any future contributions. However, the potential exists that a contribution could be needed in the future. Complete financial statements can be obtained from the Joint Solid Waste District, Allen County, Ohio.

##### C. Job Training Partnership Consortium

The Governor has designated Allen, Auglaize, Hardin and Mercer Counties as a Service Delivery Area. A Job Training Partnership Agreement between the Allen, Auglaize, Hardin and Mercer County Consortium and the Private Industry Council (PIC) was entered into pursuant to the provisions of the Job Training Partnership Act of 1982 (the Act) Public Law 97-300. Funds for the operations of the JTPA are received through grant revenue from the State of Ohio. The Allen County Job Training Partnership #2 Office has been designated by the PIC as the Administrative Entity, responsible for the administration of the job training plan as formulated by the combined efforts of the Administrative Entity, the Chief Elected Official from each of the four counties and the PIC. Each Board of County Commissioners must choose a Chief Elected Official (CEO) to represent the County in the JTPA.

The CEO is responsible for approving job training plans, grants, policies and operating guidelines for the administration of the programs, delegation of duties for the programs and appointment/termination of the Director of the Job Training Partnership #2 Office. The Private Industry Council is responsible for assisting the CEOs in approving job training plans, grants, policies and operating guidelines for the administration of the training programs and the adoption of a Code of Regulations (By-Laws).

The County did not contribute to the Job Training Partnership Consortium in 1999 and does not anticipate any future contributions. However, the potential exists that a contribution could be needed in the future. Complete financial statements can be obtained from JTPA, Allen County, Ohio.

##### D. Western Ohio Regional Treatment and Habilitation (WORTH) Center

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

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

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 24 - INSURANCE POOL

##### County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

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

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

#### NOTE 25 - RELATED PARTY TRANSACTIONS

Marimor Industries, Inc., a discretely presented component unit of Allen County, has entered into a contract with the Allen County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are not reflected in the financial statements of the component unit. In 1999, the contribution to Marimor Industries, Inc. for salaries, retirement, employee benefits, worker's compensation, repairs, supplies, equipment, medicare, and other expenses was \$2,267,781.

#### NOTE 26 - CONTRACTUAL COMMITMENTS

The County had entered into various contracts with outstanding amounts at December 31, 1999, as follows:

<u>Company</u>	<u>Project</u>	<u>Amount</u>
Gleason Construction, Inc.	Findlay Road Sewer Improvement	\$370,193
Gleason Construction, Inc.	Findlay Road Sewer Improvement	121,690
Gem Industrial, Inc.	Civic Center Expansion Project	369,720
Sidney Electric Company, Inc.	Civic Center Expansion Project	282,239
Tuttle Construction, Inc.	Civic Center Expansion Project	174,747
Celina Glass Company, Inc.	Civic Center Expansion Project	101,095
McClain Road Excavating	Dug Run Ditch	147,289
Poggemeyer Design Group	Industrial Park Project	135,327
Beckmann and Associates, Inc.	Savings Building and Remodeling	104,600
		<u>\$1,806,900</u>

## ALLEN COUNTY

### NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999 (Continued)

#### NOTE 27 - CONTINGENT LIABILITIES

##### A. Pending Litigation

Several claims and lawsuits are pending against the County. In the opinion of the Assistant County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

##### B. Grants

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

#### NOTE 28 - SUBSEQUENT EVENTS

On January 6, 2000, the County authorized the issuance of \$1.1 million of Fort Shawnee Industrial Drive Improvement Bond Anticipation Notes. This issue will finance the infrastructure at the McClain Road site.

On January 20, 2000, the County awarded and accepted the proposal from Degen Excavating for the construction of the Industrial Park West, Phase I project, in the amount of \$832,290.

On March 7, 2000, the County authorized the renewal of a \$70,000 note on the Bear Ditch #1156, dated March 10, 2000 and maturing March 9, 2001 at a rate of 5.51%.

On March 30, 2000, the County authorized the issuance of a \$6.675 million bond anticipation note which will replace the \$7.520 million note that matures on April 13, 2000, after a principal payment of \$845,000.

On April 25, 2000, the County accepted the bid of and entered into a sales contract for the sale of approximately 47.68 acres of County owned real estate on Sheriff Road at a sales price of \$40,000.

On April 27, 2000, the County approved the County and Township Road Program, for the year 2000, in the total amount of \$1,311,088.

On April 27, 2000, the County authorized the issuance of a \$90,000 detailed planning assessment note for the Oakview Subdivision Sewer Improvement project. The note is dated May 1, 2000, and matures on April 13, 2000, with an interest rate of 5.57%.

On July 11, 2000, the County authorized the issuance of \$490,000 Various Purpose Ditch Bond Anticipation Notes dated July 20, 2000, maturing no later than July 21, 2001, at a rate not to exceed 6%.

ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Agriculture:</i>						
<b>Nutrition Cluster</b>						
National School Breakfast Program						
Marimor School (Note 4)	05-PU-98	10.553	\$10,417	\$0	\$10,417	\$0
Detention Center (Note 4)	05-PU-98	10.553	14,489	0	14,489	0
Total National School Breakfast Program			24,906	0	24,906	0
National School Lunch Program						
Marimor School (Note 4)	03-PU-98	10.555	21,014	\$0	21,014	\$0
Detention Center (Note 4)	03-PU-98	10.555	21,961	0	21,961	0
Total National School Lunch Program			42,975	0	42,975	0
Food Distribution Program						
Marimor School (Note 4)	N/A	10.550	0	5,977	0	6,279
Detention Center (Note 4)	N/A	10.550	0	3,651	0	3,253
Total Food Distribution Program			0	9,628	0	9,532
<b>Total Nutrition Cluster</b>			67,881	9,628	67,881	9,532
<i>Passed Through Rural Development:</i>						
Findlay Road Sewer Improvement Project-Grant	N/A	10.760	868,500	0	868,500	0
Findlay Road Sewer Improvement Project-Loan			0	2,299,000	2,299,000	0
<b>Total Rural Development</b>			868,500	2,299,000	3,167,500	0
<b>Total U.S. Department of Agriculture</b>			936,381	2,308,628	3,235,381	9,532
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
<b>Special Education Cluster</b>						
Special Education Grants to States (IDEA Part B)						
	6B-SF-98	84.027	30,079	0	0	0
	6B-SF-99	84.027	29,000	0	39,885	0
	6B-SF-00	84.027	37,724	0	24,521	0
Total Special Education Grants to States			96,803	0	64,406	0
Special Education-Preschool Grant						
	PG-S1-99	84.173	0	0	17,120	0
	PG-S1-00	84.173	24,887	0	7,968	0
Total Special Education - Preschool Grant			24,887	0	25,088	0
<b>Subtotal Special Education Cluster</b>			121,690	0	89,494	0
Innovative Education Program Strategies	C2-S1-99	84.298	0	0	3,759	0
<b>Total U.S. Department of Education</b>			121,690	0	93,253	0

ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</b>						
<i>Passed Through Governor's Office:</i>						
Emergency Management Assistance	N/A	83.534	23,986	0	23,986	0
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Marimor School Social Services Block Grant						
Title XX	N/A	93.667	118,284	0	118,284	0
Title XIX-CAFS	N/A	93.778	1,622,351	0	1,622,351	0
<b>Total U.S. Department of Health and Human Services</b>			<u>1,740,635</u>	<u>0</u>	<u>1,740,635</u>	<u>0</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>						
<i>Passed Through Ohio Department of Criminal Justice:</i>						
Local Law Enforcement Block Grant-FY 97	N/A	16.592	0	0	22,927	0
Local Law Enforcement Block Grant-FY 98		16.592	133,597	0	0	0
Young Safe Drivers/Cops in Shops/Party Crashers		20.600	19,844	0	0	0
Drug Control and System Improvement		16.579	105,195	0	105,195	0
<b>Total Ohio Department of Criminal Justice</b>			<u>258,636</u>	<u>0</u>	<u>128,122</u>	<u>0</u>
<i>Passed Through Allen County Commissioners:</i>						
Juvenile Accountability Incentive Block Grant		16.523	34,822	0	34,822	0
Gang Prevention		16.579	33,600	0	33,600	0
<b>Total Allen County Commissioners</b>			<u>68,422</u>	<u>0</u>	<u>68,422</u>	<u>0</u>
<b>Total U.S. Department of Justice</b>			<u>327,058</u>	<u>0</u>	<u>196,544</u>	<u>0</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>						
<i>Passed Through Ohio Department of Development:</i>						
<b>Community Development Block Grant - Entitlement Grants</b>						
Formula Allocation Program FY 97	N/A	14.228	139,000	0	126,341	0
Formula Allocation Program FY 98		14.228	304,000	0	22,413	0
Formula Allocation Program-Water		14.228	303,756	0	303,756	0
<b>Total Community Development Block Grant - Entitlement Grants</b>			<u>746,756</u>	<u>0</u>	<u>452,510</u>	<u>0</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>746,756</u>	<u>0</u>	<u>452,510</u>	<u>0</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$3,896,506</u>	<u>\$2,308,628</u>	<u>\$5,742,309</u>	<u>\$9,532</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE 1 - GENERAL**

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial programs of Allen County, Ohio. The County reporting entity is defined in Note 1 of the County's general-purpose financial statements. All federal financial assistance passed through other governmental agencies is included in the schedule.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Financial Assistance has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

**NOTE 3 - COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG)**

The Allen County CDBG received periodic loan repayments from individuals awarded loans for rehabilitation programs. In addition, the County received payments from individuals who did not reside in a rehabilitated dwelling for the required ten-year period. The activity for the loan fund is scheduled below and is not reflected in the federal receipts, expenditures, and cash balances on the schedule of federal financial assistance.

The loan receivable activity and cash balances available for loan under the revolving loan program for 1999 are as follows:

<b>Rehabilitation Loans</b>	Loans Receivable	Cash Balance
Beginning Balance	\$111,992	\$42,287
Other Revenue	0	8,872
Loan Principal Repayment Receipts	( 4,508)	4,508
Loan Interest Repayment Receipts	0	4,320
Interest on Bank Account	0	757
Grant Disbursements	0	(37,073)
Ending Balance	<u>\$107,484</u>	<u>\$ 23,671</u>

In addition to the rehabilitation loans under the direct control of Allen County, the County also provides oversight for the CDBG Small Business Revolving Loans administered by the Allen County Port Authority whose 1999 activity is as follows:

<b>Small Business Revolving Loans</b>	Loans Receivable	Cash Balance
Beginning Balance	\$186,168	\$303,113
Loan Principal Repayment Receipts	(26,437)	26,437
Loan Interest Repayment Receipts	0	4,134
Interest on Bank Account	0	13,820
Loan and Grant Disbursements	20,000	(28,426)
Ending Balances	<u>\$179,731</u>	<u>\$319,078</u>

The ending cash balance is the total amount available for loan by the revolving loan program. Additional information on the Revolving Loan Program is provided in the audit of the Allen County Port Authority.

**NOTE 4 - FOOD SERVICES PROGRAMS - MARIMOR SCHOOL AND DETENTION CENTER**

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS  
ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of Commissioners:

We have audited the financial statements of Allen County, (the County), as of and for the year ended December 31, 1999, and have issued our report thereon dated July 13, 2000 which indicated we did not audit the financial statements of Marimor Industries, Inc. and LODDI, Inc. and our opinion insofar as it relates to the amounts included for Marimor Industries, Inc. and LODDI, Inc., is based on the reports of other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Marimor Industries, Inc. and LODDI, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to those component units.

**Compliance**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated July 13, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated July 13, 2000.

This report is intended for the information and use of management, Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**JIM PETRO**  
Auditor of State

July 13, 2000



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Allen County  
301 North Main Street  
Lima, Ohio 45801

To the Board of Commissioners:

**Compliance**

We have audited the compliance of Allen County, (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 1999. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999. We noted one instance of noncompliance that does not require inclusion in this report that we have reported to the management of the County in a separate letter dated July 13, 2000.

**Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

**JIM PETRO**  
Auditor of State

July 13, 2000

**ALLEN COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
OMB CIRCULAR A -133 § .505**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	10.760-Rural Development 93.778-Title XIX/CAFS/Medicaid
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None

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

None

ALLEN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
OMB CIRCULAR A -133 § .315 (b)

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
1998-60202-001	Noncompliance/Debt Covenant	Yes	



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**ALLEN COUNTY FINANCIAL CONDITION**

**ALLEN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 3, 2000**