

Allen County Financial Condition

Allen County, Ohio

Single Audit

January 1, 2009 through December 31, 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
9076 Ohio River Road, Wheelersburg, Ohio 45694 Phone: 740.876.9121 Fax: 800.210.2573



Dave Yost • Auditor of State

Board of County Commissioners
Allen County
301 North Main Street
Lima, Ohio 45802

We have reviewed the *Independent Auditor's Report* of Allen County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Allen County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 9, 2011

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Allen County, Ohio
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Independent Auditor's Report

Allen County
Board of County Commissioners
301 North Main Street
Lima, Ohio 45801

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio (the County), as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the County's discretely presented component units, LODDI and Marimor Industries. Other auditors audited those financial statements. They have furnished their reports thereon to us and we base our opinion, insofar as it relates to the amounts included for LODDI, Inc. and Marimor Industries on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. 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 opinions.

The financial statements do not include financial data for the Port Authority of Allen County, which is a component unit of the County which should be discretely presented. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the County's primary government unless the County also issues financial statements for the reporting entity that includes the component unit's financial data. The County has not issued reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues and expenses of the Port Authority of Allen County is understated by amounts which we cannot determine.

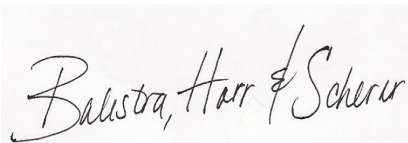
In our opinion, because of the omission of the Port Authority of Allen County, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely-presented component units of Allen County, Ohio as of December 31, 2009 and the changes in its financial position for the year then ended. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund, Job and Family Services Fund, Developmental Disabilities Fund, and the Children Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2011 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal awards expenditures is 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 basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".



Balestra, Harr & Scherer, CPAs, Inc.
March 28, 2011

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

The discussion and analysis of Allen County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the County's performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

In total the County's total net assets increased by \$3.4 million from 2008, which represents an overall increase of 3.1 percent from 2008, which is a fairly insignificant change. Governmental activities increased by \$2.2 million (2.6 percent) while business-type activities increased by \$1.2 million (4.5 percent).

Using this Annual Report

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column. The County's major funds are the General; Job and Family Services; Mental Retardation and Developmental Disabilities funds; Children's Services; Special Assessment Debt Retirement; and the Sewer District Fund.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the County did financially during 2009. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

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

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

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

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

Reporting the County's Most Significant Funds

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

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

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

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

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

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net assets for 2009 compared to 2008.

**Table 1
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<u>Assets</u>						
Current and Other Assets	\$69,660,050	\$68,479,521	\$5,334,146	\$5,590,906	\$74,994,196	\$74,070,427
Capital Assets, Net	62,948,944	60,239,084	39,950,204	38,865,253	102,899,148	99,104,337
Total Assets	<u>\$132,608,994</u>	<u>\$128,718,605</u>	<u>\$45,284,350</u>	<u>\$44,456,159</u>	<u>\$177,893,344</u>	<u>\$173,174,764</u>
<u>Liabilities</u>						
Current and Other Liabilities	\$18,074,034	\$18,620,901	\$229,419	\$167,961	\$18,303,453	\$18,788,862
Long-Term Liabilities	29,321,138	27,066,600	16,996,621	17,445,545	46,317,759	44,512,145
Total Liabilities	<u>\$47,395,172</u>	<u>\$45,687,501</u>	<u>\$17,226,040</u>	<u>\$17,613,506</u>	<u>\$64,621,212</u>	<u>\$63,301,007</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	\$39,761,546	\$36,580,541	\$23,137,122	\$22,282,057	\$62,898,668	\$58,862,598
Restricted	40,962,055	40,358,418	1,958,145	3,474,059	42,920,200	43,832,477
Unrestricted	4,490,221	6,092,145	2,963,043	1,086,537	7,453,264	7,178,682
Total Net Assets	<u>\$85,213,822</u>	<u>\$83,031,104</u>	<u>\$28,058,310</u>	<u>\$26,842,653</u>	<u>\$113,272,132</u>	<u>\$109,873,757</u>

Overall the County reported increases in total net assets for government activities from 2008 to 2009, while business type total net assets increased slightly from 2008 to 2009.

Total net assets for governmental activities increased almost \$2.2 million. This increase is primarily due to an increase in capital assets, which was largely due to addition of the new clerk title building.

There were no noteworthy changes for business-type activities.

Table 2 reflects the changes in net assets for 2009.

**Table 2
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
<u>Revenues</u>						
Program revenues						
Charges for services	\$10,448,488	\$11,398,905	\$5,480,693	\$5,637,517	\$15,929,181	\$17,036,422
Operating grants, contributions and interest	33,171,662	32,494,399	0	0	33,171,662	32,494,399
Capital grants and contributions	3,678,635	2,394,445	359,944	0	4,038,579	2,394,445
Total program revenues	<u>\$47,298,785</u>	<u>\$46,287,749</u>	<u>\$5,840,637</u>	<u>\$5,637,517</u>	<u>\$53,139,422</u>	<u>\$51,925,266</u>

(continued)

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
General revenues						
Property taxes levied for:						
General Operating	\$4,233,371	\$5,022,864	\$0	\$0	\$4,233,371	\$5,022,864
Health - developmental disabilities	4,489,348	5,070,546	0	0	4,489,348	5,070,546
Human services – children services	1,453,533	1,665,676	0	0	1,453,533	1,665,676
Sales tax	13,165,938	13,972,199	0	0	13,165,938	13,972,199
Intergovernmental not restricted	6,106,719	5,520,898	0	0	6,106,719	5,520,898
Gain on sale of capital assets	377,233	0	0	0	377,233	0
Loss on sale of capital assets	0	(116,811)	0	0	0	(116,811)
Contributions	0	0	0	38,500	0	38,500
Interest	2,817,573	5,821,566	3,340	33,364	2,820,913	5,854,930
Other	3,644,995	5,887,619	467,699	28,850	4,112,694	5,916,469
Total general revenues	36,288,710	42,844,557	471,039	100,714	36,759,749	42,945,271
Total revenues	83,587,495	89,132,306	6,311,676	5,738,231	89,899,171	94,870,537
Transfers	413,279	191,375	(413,279)	(191,375)	0	0
Total revenues and transfers	84,000,774	89,323,681	5,898,397	5,546,856	89,899,171	94,870,537
<u>Program Expenses</u>						
General government						
Legislative and executive	12,410,057	13,416,858	0	0	12,410,057	13,416,858
Judicial	8,855,775	9,763,365	0	0	8,855,775	9,763,365
Public safety	13,315,263	11,173,374	0	0	13,315,263	11,173,374
Public works	10,394,993	14,483,611	0	0	10,394,993	14,483,611
Health						
Mental retardation and developmental disabilities	13,621,874	13,003,346	0	0	13,621,874	13,003,346
Other health	849,204	587,820	0	0	849,204	587,820
Human services						
Job and family services	13,507,978	13,544,593	0	0	13,507,978	13,544,593
Children services	6,286,283	6,619,395	0	0	6,286,283	6,619,395
Other human services	264,850	1,066,946	0	0	264,850	1,066,946
Conservation and recreation	1,118,789	1,730,685	0	0	1,118,789	1,730,685
Other	50,032	39,292	0	0	50,032	39,292
Intergovernmental	81,002	147,295	0	0	81,002	147,295
Interest and fiscal charges	1,061,956	703,114	0	0	1,061,956	703,114
Sanitary sewer	0	0	4,682,740	5,991,209	4,682,740	5,991,209
Total expenses	81,818,056	86,279,694	4,682,740	5,991,209	86,500,796	92,270,903
Increase (decrease)in net assets	2,182,718	3,043,987	1,215,657	(444,353)	3,398,375	2,599,634
Net Assets – Beginning of Year	83,031,104	79,987,117	26,842,653	27,287,006	109,873,757	107,274,123
Net Assets – End of Year	\$85,213,822	\$83,031,104	\$28,058,310	\$26,842,653	\$113,272,132	\$109,873,757

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

For governmental activities, general revenues, which consist primarily of property and sales taxes and unrestricted grants and entitlements represent 43 percent of total revenues, and of the total general revenues, property taxes and sales taxes represent 64 percent of that revenue. Almost 57 percent of the County's governmental activities were supported by program revenues, those revenues specifically restricted for use by a particular program such as public safety or human services.

General government activities account for 26 percent of the total program expenditures. These activities include the operation of various county departments including general government and judicial activities. Human services related expenditures represent over 24 percent of the total. These expenditures are for Children's Services and for the Department of Job and Family Services. Health related expenditures account for about 18 percent of the expenditures which are primarily for the operation of Marimor School. Combined, these three areas account for 68 percent of the County's expenditures for 2009.

For business-type activities, program specific revenues are 92 percent of total revenues. As such, the County's business-type activities are mainly supported by charges for the services provided as well as contributions from customers for tap fees or from contractors. The only business-type activity is the Sanitary Sewer District.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government				
Legislative and Executive	\$12,410,057	\$13,416,858	\$7,193,534	\$8,334,912
Judicial	8,855,775	9,763,365	4,525,708	4,362,431
Public Safety	13,315,263	11,173,374	8,738,201	9,152,389
Public Works	10,394,993	14,483,611	855,875	4,343,495
Health				
Mental Retardation and Developmental Disabilities	13,621,874	13,003,346	6,731,266	6,997,794
Other Health	849,204	587,820	849,204	314,599
Human Services				
Job and Family Services	13,507,978	13,544,593	770,805	525,208
Children's Service	6,286,283	6,619,395	2,522,862	3,033,748
Other Human Services	264,850	1,066,946	264,850	1,066,946
Conservation and Recreation	1,118,789	1,730,685	873,976	970,722
Other	50,032	39,292	50,032	39,292
Intergovernmental	81,002	147,295	81,002	147,295
Interest and Fiscal Charges	1,061,956	703,114	1,061,956	703,114
Total Expenses	<u>\$81,818,056</u>	<u>\$86,279,694</u>	<u>\$34,519,271</u>	<u>\$39,991,945</u>

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) pay for 43 percent of the services provided by the County. However, a review of the table above demonstrates that program revenues contributed significantly to the public works services. The funding for general government related activities as well as the sheriff continues to be primarily from general revenue sources.

Governmental Funds Financial Analysis

The County's major funds are the General Fund; Job and Family Services Fund; the Developmental Disabilities Fund; Children Services Fund; and the Special Assessment Debt Retirement Fund. The primary funding for Job and Family Services is from operating grants. The Developmental Disabilities Fund and the Children Services Fund revenues are primarily from taxes and grants. The Developmental Disabilities Fund and the Children Services Fund have a specific property tax levy to support the activities of the fund as well.

Business-Type Activities Financial Analysis

As can be seen on the statement of revenues, expenses, and changes in fund net assets, the Sanitary Sewer Fund had operating income for 2009 of \$1,586,434. After non-operating activity and transfers and capital contributions, the fund ended with an increase in net assets of \$1,215,657.

Budgetary Highlights

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

Differences resulted from the final budget to the actual revenues collected by \$546,867. Actual expenditures were less than budgeted by \$1.58 million as the County was able to reduce expenditures significantly for general government operations.

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

Capital Assets and Debt Administration

Capital Assets - The County's investment in capital assets for governmental and business-type activities as of December 31, 2009, was \$39,761,546 and \$23,137,122 respectively (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and building improvements, improvements other than buildings, roads, bridges, machinery and equipment, computer equipment, furniture and fixtures, and vehicles. Additions to governmental activities capital assets consisted primarily of the addition of buildings and roads. Additional information related to capital assets is included in Note 11 of the notes to the basic financial statements.

Allen County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009

Unaudited

At December 31, 2009, the County had \$2,699,000 in special assessment notes payable from governmental activities and \$3,350,000 in bond anticipation notes payable from governmental activities and \$2,700,000 in bond anticipation notes payable business-type activities. The County also had various long-term obligations outstanding. These obligations included \$10,794,999 of general obligation bonds and \$4,734,355 of special assessment bonds including the premiums of \$145,355.

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

Current Issues

The unemployment rate for the County is currently 11 percent (as of July 2010), which is lower from one year ago. This rate is below the State's current rate of 11.1 percent and above the national rate of 9.5 percent.

Sales tax revenue for the County was down in 2009 due to the economy down turn. Net sales tax revenue in 2009 in the General Fund was \$12,636,812 compared to \$13,275,545 in 2008. Net sales taxes are equal to total sales tax revenues less the amounts allocated monthly to other funds.

Request for Information

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

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Allen County, Ohio
Statement of Net Assets
Primary Government and Discretely Presented Component Units
December 31, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 35,606,598	\$ 952,131	\$ 36,558,729	\$ -	\$ -
Cash and cash equivalents in segregated accounts	567,659	-	567,659	35,050	482,764
Cash and cash equivalents with fiscal agents	370,485	-	370,485	-	-
Investment in segregated accounts	-	-	-	-	297,505
Accounts receivable	39,649	1,499,717	1,539,366	-	58,562
Accrued interest receivable	349,372	-	349,372	-	-
Sales tax receivable	2,253,777	-	2,253,777	-	-
Due from other governments	6,531,705	-	6,531,705	124,689	-
Internal balances	(385,019)	385,019	-	-	-
Prepaid items	555,792	24,138	579,930	-	9,919
Materials and supplies inventory	609,367	35,260	644,627	-	-
Property tax receivable	15,242,035	-	15,242,035	-	-
Notes receivable	2,212,807	-	2,212,807	-	-
Special assessments receivable	5,649,823	143,656	5,793,479	-	-
Unamortized bond issuance costs	56,000	243,123	299,123	-	-
<u>Restricted assets:</u>					
Equity in pooled cash and cash equivalents	-	1,429,783	1,429,783	-	-
Cash and cash equivalents with fiscal agents	-	621,319	621,319	-	-
Nondepreciable capital assets	7,805,718	8,939,476	16,745,194	117,367	-
Depreciable capital assets, net	55,143,226	31,010,728	86,153,954	900,345	123,626
Total Assets	<u>132,608,994</u>	<u>45,284,350</u>	<u>177,893,344</u>	<u>1,177,451</u>	<u>972,376</u>
<u>Liabilities:</u>					
Accrued wages payable	1,337,279	66,831	1,404,110	-	8,595
Accounts payable	885,288	46,389	931,677	10,425	77,414
Contracts payable	-	10,059	10,059	-	-
Due to other governments	983,270	34,948	1,018,218	100,000	9,673
Accrued interest payable	220,718	15,945	236,663	214	-
Retainage payable	371,127	55,247	426,374	-	-
Deferred revenue	14,276,352	-	14,276,352	-	-
<u>Long-Term Liabilities:</u>					
Due Within One Year	9,724,154	3,452,064	13,176,218	24,169	-
Due in More Than One Year	19,596,984	13,544,557	33,141,541	71,063	-
Total Liabilities	<u>47,395,172</u>	<u>17,226,040</u>	<u>64,621,212</u>	<u>205,871</u>	<u>95,682</u>
<u>Net Assets:</u>					
Invested in capital assets, net of related debt	39,761,546	23,137,122	62,898,668	-	-
<u>Restricted for:</u>					
Debt service	5,716,250	-	5,716,250	-	-
Capital projects	5,271,745	-	5,271,745	-	-
Job and Family Services	320,665	-	320,665	-	-
Developmental Disabilities	11,223,747	-	11,223,747	-	-
Children Services	2,433,373	-	2,433,373	-	-
Motor Vehicle Gasoline Tax	3,735,411	-	3,735,411	-	-
Auditor/Recorder/Clerk Fees	1,934,710	-	1,934,710	-	-
Real Estate Assessment	2,524,764	-	2,524,764	-	-
Revolving Loan	2,303,979	-	2,303,979	-	-
Ditch Maintenance	1,108,134	-	1,108,134	-	-
Child Support Enforcement	907,056	-	907,056	-	-
Other purposes	3,482,221	1,958,145	5,440,366	-	4,233
Unrestricted	4,490,221	2,963,043	7,453,264	971,580	872,461
Total Net Assets	<u>\$ 85,213,822</u>	<u>\$ 28,058,310</u>	<u>\$ 113,272,132</u>	<u>\$ 971,580</u>	<u>\$ 876,694</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Activities
For the Year Ended December 31, 2009

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental activities:</u>				
General government				
Legislative and executive	\$ 12,410,057	\$ 4,325,003	\$ 891,520	\$ -
Judicial	8,855,775	1,867,489	2,462,578	-
Public safety	13,315,263	384,750	1,013,755	3,178,557
Public works	10,394,993	3,319,713	5,719,327	500,078
Health				
Mental retardation and developmental disabilities	13,621,874	302,024	6,588,584	-
Other health	849,204	-	-	-
Human services				
Job and family services	13,507,978	18	12,737,155	-
Children services	6,286,283	63,645	3,699,776	-
Other human services	264,850	-	-	-
Conservation and recreation	1,118,789	185,846	58,967	-
Other	50,032	-	-	-
Intergovernmental	81,002	-	-	-
Interest and fiscal charges	1,061,956	-	-	-
Total governmental activities	81,818,056	10,448,488	33,171,662	3,678,635
<u>Business-type activities:</u>				
Sanitary Sewer	4,682,740	5,480,693	-	359,944
Total primary government	\$ 86,500,796	\$ 15,929,181	\$ 33,171,662	\$ 4,038,579
<u>Component Units:</u>				
LODDI	145,169	117,196	178,129	-
Marimor Industries	4,033,990	514,971	3,422,473	-
Total component units	\$ 4,179,159	\$ 632,167	\$ 3,600,602	\$ -

General Revenues:

Property taxes levied for:

General Operating

Health-mental retardation and developmental disabilities

Human services-children services

Sales taxes

Intergovernmental not restricted to a particular purpose

Interest

Increase in fair value of investments

Gain on the sale of capital assets

Contributions

Other

Total general revenues

Transfers

Change in net assets

Net assets beginning of year (restated - see note 3)

Net assets end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets
Primary Government

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	LODDI	Marimor Industries
\$ (7,193,534)	\$ -	\$ (7,193,534)	\$ -	\$ -
(4,525,708)	-	(4,525,708)	-	-
(8,738,201)	-	(8,738,201)	-	-
(855,875)	-	(855,875)	-	-
(6,731,266)	-	(6,731,266)	-	-
(849,204)	-	(849,204)	-	-
(770,805)	-	(770,805)	-	-
(2,522,862)	-	(2,522,862)	-	-
(264,850)	-	(264,850)	-	-
(873,976)	-	(873,976)	-	-
(50,032)	-	(50,032)	-	-
(81,002)	-	(81,002)	-	-
(1,061,956)	-	(1,061,956)	-	-
(34,519,271)	-	(34,519,271)	-	-
-	1,157,897	1,157,897	-	-
(34,519,271)	1,157,897	(33,361,374)	-	-
-	-	-	150,156	-
-	-	-	-	(96,546)
-	-	-	150,156	(96,546)
4,233,371	-	4,233,371	-	-
4,489,348	-	4,489,348	-	-
1,453,533	-	1,453,533	-	-
13,165,938	-	13,165,938	-	-
6,106,719	-	6,106,719	-	-
2,817,573	3,340	2,820,913	97	19,722
-	-	-	-	47,295
377,233	-	377,233	-	-
-	-	-	-	3,470
3,644,995	467,699	4,112,694	10,032	20,639
36,288,710	471,039	36,759,749	10,129	91,126
413,279	(413,279)	-	-	-
2,182,718	1,215,657	3,398,375	160,285	(5,420)
83,031,104	26,842,653	109,873,757	811,295	882,114
\$ 85,213,822	\$ 28,058,310	\$ 113,272,132	\$ 971,580	\$ 876,694

Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2009

	General Fund	Job and Family Services	Developmental Disabilities	Children Services
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,436,113	\$1,140,009	\$10,389,270	\$2,411,712
Cash and cash equivalents in segregated accounts	1,740	0	0	12,790
Cash and cash equivalents with fiscal agent	0	0	0	0
Accounts receivable	39,649	0	0	0
Accrued interest receivable	349,372	0	0	0
Sales tax receivable	2,168,149	0	0	0
Due from other governments	1,146,974	0	1,784,781	399,270
Interfund receivable	233,787	0	3,996	0
Prepaid items	439,092	0	0	43,401
Materials and supplies inventory	46,792	141,235	75,075	4,433
Property tax receivable	3,863,329	0	6,836,062	2,272,727
Notes receivable	0	0	0	0
Special assessments receivable	0	0	0	0
Total assets	<u>\$14,724,997</u>	<u>\$1,281,244</u>	<u>\$19,089,184</u>	<u>\$5,144,333</u>
<u>Liabilities</u>				
Accrued wages payable	\$585,012	\$167,267	\$315,986	\$106,772
Accounts payable	97,900	311,800	97,801	124,290
Due to other governments	324,575	127,125	333,380	61,642
Interfund payable	780,000	0	0	50,085
Retainage payable	0	0	0	0
Deferred revenue	6,347,096	0	8,106,745	2,272,727
Total liabilities	<u>8,134,583</u>	<u>606,192</u>	<u>8,853,912</u>	<u>2,615,516</u>
<u>Fund balances:</u>				
Reserved for notes receivable	0	0	0	0
Reserved for encumbrances	78,886	1,191,674	0	22,503
Reserved for unclaimed monies	283,250	0	0	0
Reserved for budgetary reserve	1,266,980	0	0	0
Unreserved, reported in:				
General fund	4,961,298	0	0	0
Special revenue funds	0	(516,622)	10,235,272	2,506,314
Debt service funds	0	0	0	0
Capital projects funds	0	0	0	0
Total fund balances	<u>6,590,414</u>	<u>675,052</u>	<u>10,235,272</u>	<u>2,528,817</u>
Total liabilities and fund balances	<u>\$14,724,997</u>	<u>\$1,281,244</u>	<u>\$19,089,184</u>	<u>\$5,144,333</u>

See accompanying notes to the basic financial statements

Special Assessments Debt Retirement	Other Governmental Funds	Total
\$811,290	\$14,418,204	\$35,606,598
0	553,129	567,659
0	370,485	370,485
0	0	39,649
0	0	349,372
0	85,628	2,253,777
0	3,200,680	6,531,705
0	995,193	1,232,976
0	73,299	555,792
0	341,832	609,367
0	2,269,917	15,242,035
0	2,212,807	2,212,807
3,671,030	1,978,793	5,649,823
<u>\$4,482,320</u>	<u>\$26,499,967</u>	<u>\$71,222,045</u>
\$0	\$162,242	\$1,337,279
0	253,497	885,288
0	136,548	983,270
126,585	661,325	1,617,995
0	371,127	371,127
3,671,030	6,749,861	27,147,459
<u>3,797,615</u>	<u>8,334,600</u>	<u>32,342,418</u>
0	2,212,807	2,212,807
0	1,710,853	3,003,916
0	0	283,250
0	0	1,266,980
0	0	4,961,298
0	10,155,339	22,380,303
684,705	1,121,813	1,806,518
0	2,964,555	2,964,555
<u>684,705</u>	<u>18,165,367</u>	<u>38,879,627</u>
<u>\$4,482,320</u>	<u>\$26,499,967</u>	<u>\$71,222,045</u>

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Allen County, Ohio
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 December 31, 2009

Total governmental fund balances \$38,879,627

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. 62,948,944

Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:

Accounts receivable	68,607	
Accrued interest receivable	349,372	
Due from other governments	5,994,334	
Property taxes receivable	808,971	
Special assessments receivable	5,649,823	
	12,871,107	12,871,107

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

Accrued interest payable	(220,718)	
Compensated absences payable	(3,289,385)	
General obligation bonds payable	(10,794,999)	
Unamortized bond issuance costs	56,000	
Special assessment bonds payable	(4,589,000)	
Unamortized bond premium	(145,355)	
Issue II loans payable	(2,031,243)	
OWDA loans payable	(1,849,110)	
Notes payable	(6,579,000)	
Capital leases payable	(43,046)	
	(29,485,856)	(29,485,856)

Net assets of governmental activities \$85,213,822

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Job and Family Services	Developmental Disabilities	Children Services
<u>Revenues:</u>				
Property taxes	\$ 2,487,301	\$ -	\$ 4,472,628	\$ 1,447,475
Sales tax	12,636,812	-	-	-
Permissive motor vehicle license taxes	-	-	-	-
Charges for services	3,923,715	18	543,877	95,354
Licenses and permits	6,632	-	-	-
Fines, costs, and forfeitures	203,627	-	-	-
Intergovernmental	2,976,927	13,492,415	9,218,832	4,249,260
Special assessments	-	-	-	-
Interest	2,624,117	-	436	-
Other	1,321,454	375,606	752,549	79,638
Total revenues	<u>26,180,585</u>	<u>13,868,039</u>	<u>14,988,322</u>	<u>5,871,727</u>
<u>Expenditures:</u>				
Current:				
General government:				
Legislative and executive	8,978,790	-	-	-
Judicial	5,150,834	-	-	-
Public safety	8,673,994	-	-	-
Public works	424,362	-	-	-
Health	221,166	-	13,589,501	-
Human services	940,077	13,486,772	-	6,284,991
Conservation and recreation	283,374	-	-	-
Other	50,032	-	-	-
Capital outlay	-	-	-	-
Intergovernmental	81,002	-	-	-
Debt Service:				
Principal retirement	432,501	-	-	-
Interest and fiscal charges	14,903	-	-	-
Total expenditures	<u>25,251,035</u>	<u>13,486,772</u>	<u>13,589,501</u>	<u>6,284,991</u>
Excess of revenues over (under) expenditures	929,550	381,267	1,398,821	(413,264)
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital assets	123,885	-	-	-
Proceeds of loans and notes	530,000	-	-	-
Operating transfers - in	739,359	-	-	-
Operating transfers - out	(254,241)	-	-	-
Total other financing sources (uses)	<u>1,139,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	2,068,553	381,267	1,398,821	(413,264)
Fund balances at beginning of year	<u>4,521,861</u>	<u>293,785</u>	<u>8,836,451</u>	<u>2,942,081</u>
Fund balances at end of year	<u>\$ 6,590,414</u>	<u>\$ 675,052</u>	<u>\$ 10,235,272</u>	<u>\$ 2,528,817</u>

See accompanying notes to the basic financial statements

Special Assessments Debt Retirement	Other Governmental Funds	Total
\$ -	\$ 1,576,273	\$ 9,983,677
-	513,769	13,150,581
-	2,936,009	2,936,009
4,959	3,649,849	8,217,772
-	314,737	321,369
-	182,025	385,652
-	11,709,713	41,647,147
457,525	1,857,228	2,314,753
149,827	48,111	2,822,491
10,122	1,181,714	3,721,083
<u>622,433</u>	<u>23,969,428</u>	<u>85,500,534</u>
74,450	2,436,451	11,489,691
-	3,661,927	8,812,761
-	4,424,872	13,098,866
-	7,724,014	8,148,376
-	932,765	14,743,432
-	-	20,711,840
-	449,230	732,604
-	-	50,032
-	6,469,795	6,469,795
-	-	81,002
464,000	6,811,078	7,707,579
177,289	773,582	965,774
<u>715,739</u>	<u>33,683,714</u>	<u>93,011,752</u>
(93,306)	(9,714,286)	(7,511,218)
-	314,271	438,156
-	9,406,334	9,936,334
17,951	992,169	1,749,479
-	(1,081,959)	(1,336,200)
<u>17,951</u>	<u>9,630,815</u>	<u>10,787,769</u>
(75,355)	(83,471)	3,276,551
<u>760,060</u>	<u>18,248,838</u>	<u>35,603,076</u>
<u>\$ 684,705</u>	<u>\$ 18,165,367</u>	<u>\$ 38,879,627</u>

Allen County, Ohio
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Fiscal Year Ended December 31, 2009

Net change in fund balances - total governmental funds \$3,276,551

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

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

Capital outlay - construction in progress	2,268,703	
Capital outlay - depreciable capital assets	3,715,455	
Depreciation	<u>(3,213,375)</u>	2,770,783

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

Proceeds from sale of capital assets	(438,156)	
Gain on sale of capital assets	<u>377,233</u>	(60,923)

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

Property taxes	192,575	
Sales taxes	15,357	
Special assessments	(706,409)	
Charges for services	(1,412,314)	
Intergovernmental	1,309,869	
Interest	(4,918)	
Other	<u>(94,256)</u>	(700,096)

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

General obligation bonds	1,192,000	
Special assessment bonds	519,000	
Notes payable	5,775,394	
Issue II loans payable	81,981	
OWDA loan payable	55,312	
Capital leases payable	<u>83,892</u>	7,707,579

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

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

Accrued interest payable	(92,679)	
Amortization of premium	9,084	
Amortization of bond issuance costs	<u>3,500</u>	(\$80,095)

(continued)

Allen County, Ohio
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended December 31, 2009
(continued)

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

Notes payable	(\$8,106,394)
Issue II loans payable	(917,988)
OWDA loans payable	(911,952)

The internal service fund used by management to charge the cost of insurance is reported on the statement of activities at the change in net assets for the year and is not reported in the governmental funds.

(759,879)

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

Compensated absences payable	<u>(34,868)</u>
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Change in net assets of governmental activities

\$2,182,718

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property taxes	\$ 2,409,500	\$ 2,394,277	\$ 2,493,075	\$ 98,798
Sales taxes	12,300,000	12,300,000	12,520,529	220,529
Charges for services	3,964,096	3,964,096	3,834,467	(129,629)
Licenses and permits	3,500	3,500	6,632	3,132
Fines, costs, and forfeitures	163,000	163,000	180,919	17,919
Intergovernmental	2,996,248	3,064,930	2,957,437	(107,493)
Interest	775,000	775,000	1,381,379	606,379
Rent	896,500	896,500	826,507	(69,993)
Other	587,722	587,722	494,947	(92,775)
Total revenues	24,095,566	24,149,025	24,695,892	546,867
<u>Expenditures</u>				
Current:				
General government:				
Legislative and executive	10,430,659	9,908,806	9,120,129	788,677
Judicial	5,451,370	5,416,376	5,154,818	261,558
Public safety	8,547,957	8,871,932	8,510,963	360,969
Public works	207,227	335,823	307,317	28,506
Health	164,000	223,888	221,166	2,722
Human services	1,063,616	1,037,881	939,510	98,371
Conservation and recreation	244,045	281,610	280,521	1,089
Other	75,000	75,000	50,032	24,968
Intergovernmental	81,002	81,002	81,002	-
Debt service:				
Principal retirement	29,000	377,000	377,000	-
Interest and fiscal charges	23,000	23,000	12,856	10,144
Total expenditures	26,316,876	26,632,318	25,055,314	1,577,004
Excess of revenues under expenditures	(2,221,310)	(2,483,293)	(359,422)	2,123,871
<u>Other financing sources (uses)</u>				
Proceeds from sale of capital assets	500	500	123,885	123,385
Proceeds of notes	-	530,000	530,000	-
Advances - in	-	-	27,552	27,552
Operating transfers - in	2,053,496	2,053,496	739,359	(1,314,137)
Operating transfers - out	(500,000)	(1,521,221)	(254,241)	1,266,980
Total other financing sources (uses)	1,553,996	1,062,775	1,166,555	103,780
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(667,314)	(1,420,518)	807,133	2,227,651
Fund balance at beginning of year	4,014,473	4,014,473	4,014,473	-
Unexpended prior year encumbrances	126,859	126,859	126,859	-
Fund balance at end of year	\$ 3,474,018	\$ 2,720,814	\$ 4,948,465	\$ 2,227,651

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$ 16,743,700	\$ 18,243,700	\$ 13,286,605	\$(4,957,095)
Charges for services	500	500	18	(482)
Other	468,000	468,000	375,606	(92,394)
Total revenues	<u>17,212,200</u>	<u>18,712,200</u>	<u>13,662,229</u>	<u>(5,049,971)</u>
<u>Expenditures</u>				
Current:				
Human Services	17,212,200	19,818,913	15,205,547	4,613,366
Excess of revenues under expenditures	-	(1,106,713)	(1,543,318)	(436,605)
Fund balance at beginning of year	179,129	179,129	179,129	-
Unexpended prior year encumbrances	<u>1,106,713</u>	<u>1,106,713</u>	<u>1,106,713</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,285,842</u>	<u>\$ 179,129</u>	<u>\$ (257,476)</u>	<u>\$ (436,605)</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Developmental Disabilities Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>				
Property taxes	\$ 6,519,431	\$ 5,376,920	\$ 4,484,701	\$ (892,219)
Charges for services	563,432	563,432	629,370	65,938
Intergovernmental	6,656,877	8,052,754	9,324,055	1,271,301
Interest	6,000	6,000	617	(5,383)
Other	808,588	808,588	752,549	(56,039)
Total revenues	<u>14,554,328</u>	<u>14,807,694</u>	<u>15,191,292</u>	<u>383,598</u>
<u>Expenditures</u>				
Current:				
Health	<u>14,709,526</u>	<u>22,272,762</u>	<u>13,309,474</u>	<u>8,963,288</u>
Excess of revenues over (under) expenditures	(155,198)	(7,465,068)	1,881,818	9,346,886
Fund balance at beginning of year	<u>8,344,314</u>	<u>8,344,314</u>	<u>8,344,314</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,189,116</u>	<u>\$ 879,246</u>	<u>\$ 10,226,132</u>	<u>\$ 9,346,886</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Children Services Special Revenue Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 2,028,167	\$ 1,514,295	\$ 1,451,849	\$ (62,446)
Charges for services	142,305	142,305	150,912	8,607
Intergovernmental	4,644,433	5,192,599	4,053,670	(1,138,929)
Other	40,000	40,000	79,638	39,638
Total revenues	<u>6,854,905</u>	<u>6,889,199</u>	<u>5,736,069</u>	<u>(1,153,130)</u>
<u>Expenditures</u>				
Current:				
Human services	6,966,250	7,000,544	6,315,360	685,184
Excess of revenues under expenditures	(111,345)	(111,345)	(579,291)	(467,946)
Fund balance at beginning of year	<u>2,905,288</u>	<u>2,905,288</u>	<u>2,905,288</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,793,943</u>	<u>\$ 2,793,943</u>	<u>\$ 2,325,997</u>	<u>\$ (467,946)</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	Business-Type Activity	Governmental Activity
	Sewer	Internal Service
<u>Assets:</u>		
<u>Current assets</u>		
Equity in pooled cash and cash equivalents	\$ 952,131	\$ -
Accounts receivable	1,499,717	-
Interfund receivable	397,517	-
Special assessments receivable	143,656	-
Prepaid items	24,138	-
Materials and supplies inventory	35,260	-
Total current assets	<u>3,052,419</u>	<u>-</u>
<u>Restricted assets</u>		
Equity in pooled cash and cash equivalents	1,429,783	-
Cash and cash equivalents with fiscal agent	621,319	-
Total restricted assets	<u>2,051,102</u>	<u>-</u>
<u>Noncurrent assets</u>		
Unamortized bond issuance costs	243,123	-
Non-depreciable capital assets	8,939,476	-
Depreciable capital assets	31,010,728	-
Total noncurrent assets	<u>40,193,327</u>	<u>-</u>
Total assets	<u>\$ 45,296,848</u>	<u>\$ -</u>
<u>Liabilities:</u>		
<u>Current liabilities</u>		
Accrued wages payable	\$ 66,831	\$ -
Accounts payable	46,389	-
Contracts payable	10,059	-
Interfund payable	12,498	-
Retainage payable	55,247	-
Due to other governments	34,948	-
Accrued interest payable	15,945	-
Notes payable	2,700,000	-
Compensated absences payable	102,472	-
Issue II loans payable	10,276	-
OWDA loans payable	212,967	-
Revenue bonds payable	426,349	-
Total current liabilities	<u>3,693,981</u>	<u>-</u>
<u>Long-term liabilities</u>		
Compensated absences payable	68,927	-
Issue II loans payable	128,155	-
OWDA loans payable	9,271,684	-
Revenue bonds payable	4,075,791	-
Total long-term liabilities	<u>13,544,557</u>	<u>-</u>
Total liabilities	<u>17,238,538</u>	<u>-</u>
<u>Net assets:</u>		
Invested in capital assets, net of related debt	23,137,122	-
Restricted for:		
Other purposes	1,958,145	-
Unrestricted	2,963,043	-
Total net assets	<u>\$ 28,058,310</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities	Governmental Activity
	Sewer	Internal Service
<u>Operating Revenues:</u>		
Charges for services	\$ 5,479,593	\$ -
Licenses, permits, inspections	1,100	-
Other	467,699	80
Total operating revenues	<u>5,948,392</u>	<u>80</u>
<u>Operating expenses:</u>		
Personal services	2,182,255	-
Contractual services	526,944	-
Materials and supplies	334,607	-
Other	2,744	759,959
Depreciation	1,315,408	-
Total operating expenses	<u>4,361,958</u>	<u>759,959</u>
Operating income (loss)	1,586,434	(759,879)
<u>Non-Operating revenues (expenses)</u>		
Interest revenue	3,340	-
Interest expense	(320,782)	-
Total Non-Operating revenues (expenses)	<u>(317,442)</u>	<u>-</u>
Income (loss) before transfers and capital contributions	1,268,992	(759,879)
Capital contributions - donated assets	17,850	-
Capital contributions - intergovernmental	342,094	-
Transfers out	(413,279)	-
Change in net assets	1,215,657	(759,879)
Net assets at beginning of year	<u>26,842,653</u>	<u>759,879</u>
Net assets at end of year	<u>\$ 28,058,310</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities	Governmental Activity
	Sewer	Internal Service
Increase (decrease) in cash and cash equivalents:		
<u>Cash flows from operating activities</u>		
Cash received from customers	\$5,526,142	\$0
Cash received from other revenues	467,699	80
Cash payments for personal services	(2,155,674)	0
Cash payments to suppliers	(336,754)	0
Cash payments for contractual services	(456,446)	0
Cash payments for other expenses	(2,744)	(759,959)
Net cash provided by (used for) operating activities	3,042,223	(759,879)
<u>Cash flows from noncapital financing activities</u>		
Cash received for advances - in	125,700	0
Cash payments for advances - out	(193,467)	0
Cash payments for operating transfers - out	(413,279)	0
Net cash used for noncapital financing activities	(481,046)	0
<u>Cash flows from capital and related financing activities</u>		
Acquisition of fixed assets	(2,371,598)	0
Intergovernmental receipts	342,094	
Proceeds of bond anticipation notes	2,700,000	0
Proceeds of OWDA loans	990,752	0
Principal paid on bond anticipation notes	(2,800,000)	0
Interest paid on bond anticipation notes	(115,022)	0
Principal paid on revenue bonds	(410,000)	0
Interest paid on revenue bonds	(179,550)	0
Principal paid on Issue II loan payable	(70,857)	
Principal paid on OWDA loan payable	(879,145)	0
Net cash used for capital and related financing activities	(2,793,326)	0
<u>Cash flows from investing activities</u>		
Interest on investments	1,708	0
Net decrease in cash and cash equivalents	(230,441)	(759,879)
Cash and cash equivalents at beginning of year	2,612,355	759,879
Cash and cash equivalents at end of year	\$2,381,914	\$0

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009
(continued)

	Sewer	Internal Service
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</u>		
Operating income (loss)	\$1,586,434	(\$759,879)
<u>Adjustments to reconcile operating income to net cash provided by operating activities</u>		
Depreciation	1,315,408	0
Changes in assets and liabilities:		
Decrease in accounts receivable	54,342	0
Increase in due from special assessments	(19,804)	0
Decrease in materials and supplies inventory	21,743	0
Increase in prepaid items	(126)	0
Increase in accounts payable	22,499	0
Increase in contracts payable	10,059	0
Increase in accrued wages payable	8,023	0
Increase in compensated absences payable	21,675	0
Increase in retainage payable	24,961	0
Decrease in due to other governments	(2,991)	0
Total adjustments	1,455,789	0
Net cash provided by (used for) operating activities	\$3,042,223	(\$759,879)

Non-cash capital transactions

The Sewer Enterprise Fund received donated assets from developers and other funds with a fair market value of \$17,850.

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

	Investment Trust	Martha Mark Private Purpose Trust	Agency
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,868,294	\$ 12,619	\$ 12,047,425
Cash and cash equivalents in segregated accounts	-	7,219	2,783,941
Accounts receivable	-	-	345,999
Due from other governments	-	-	4,974,515
Property tax receivable	-	-	71,075,064
Special assessments receivable	-	-	4,978,652
Total assets	<u>\$ 2,868,294</u>	<u>\$ 19,838</u>	<u>\$ 96,205,596</u>
 <u>Liabilities</u>			
Due to other governments	-	-	84,890,971
Undistributed monies	-	-	11,305,658
Deposits held and due to others	-	-	8,967
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 96,205,596</u>
 <u>Net Assets</u>			
Held in trust for external pool participants	<u>2,868,294</u>	<u>19,838</u>	
Total net assets	<u>\$ 2,868,294</u>	<u>\$ 19,838</u>	

See accompanying notes to the basic financial statements

Allen County, Ohio
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended December 31, 2009

	Investment Trust Funds	Martha Mark Private Purpose Trust
<u>Revenues</u>		
Interest	\$ 9,840	\$ 10
<u>Expenses</u>		
Operating expenses	-	-
Net increase in assets resulting from operations	9,840	10
Distributions to participants	(10,741)	-
Capital transactions	22,860	34
Total increase (decrease) in net assets	21,959	44
Net assets beginning of year	2,846,335	19,794
Net assets end of year	\$ 2,868,294	\$ 19,838

See accompanying notes to the basic financial statements

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 1 - Reporting Entity

Allen County, Ohio (County) was created in 1831. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, a Probate/Juvenile Court Judge, and a Domestic Relations Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Allen County, this includes the Child Support Enforcement Agency, the Children's Services Board, the Board of Developmental Disabilities, the Veterans' Memorial Civic and Convention Center, and all departments and activities that are directly operated by the elected County officials.

B. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes.

Discretely Presented Component Units

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

Information for the other component unit of the County, the Port Authority of Allen County is not presented in the notes to the basic financial statements or the accompanying basic financial statements because information for the fiscal year ended December 31, 2009 was not available and had not been audited.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 1 - Reporting Entity (Continued)

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

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

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Allen County. The North Central Ohio Solid Waste Management District and Metropolitan Park Board are reported as investment trust funds since they are represented as an external investment pool. The remaining organizations are reported as agency funds within the financial statements:

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

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies

The financial statements of Allen County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The County does not apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the County are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

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

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

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

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

Special Assessments Debt Retirement – The fund accounts for the collection of special assessment revenue and the retirement outstanding special assessment sewer, water, and ditch improvement bonds of the County.

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

Proprietary Funds

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

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Internal Service Funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County's internal service fund accounts for monies received from the activities of the self insurance program for employee health, vision, and drug card benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are not available to support the County's own programs. The County's investment trust fund accounts for the external portion of the County's investment pool. The County's agency funds account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from sales taxes is recognized in the year in which the sales are made. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2009, but were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. Budgetary information for the component units is not reported because they are not included in the entity for which the “appropriated budget” is adopted. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners’ authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by County Commissioners. The legal level of control has been established by the County Commissioners at the personal services and other expenses classification level within each department for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

F. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

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

During 2009, the County invested in nonnegotiable certificates of deposit, U.S. Treasury Notes, federal agency securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2009 was \$2,624,117, which includes \$2,361,942 assigned from other County funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Unamortized Bond Issuance and Refunding Costs

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

K. Capital Assets

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

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

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

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

L. Interfund Receivables/Payables

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

M. Compensated Absences

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

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

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

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include activities for various federal and state grants and activities of the County's courts. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

P. Fund Balance Reserves

The County reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for notes receivable, encumbrances, unclaimed monies, and budgetary reserve.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 - Summary of Significant Accounting Policies (Continued)

Q. Operating Revenues and Expenses

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

R. Interfund Transactions

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

S. Estimates

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

Note 3 – Changes in Accounting Principles and Restatement of Net Assets

A. Changes in Accounting Principles

For 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57 “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

A. Changes in Accounting Principles

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in the economic resources measurement focus financial statements. The implementation of this statement did not result in any changes to the financial statements.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 3 – Changes in Accounting Principles and Restatement of Net Assets (Continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements and the framework for selecting those principles. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' (AICPA) auditing literature into the GASB's accounting and financial reporting literature. This guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participated in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for financial reporting and clarify the OPEB measures reported by agent multiple-employer OPEB plans and participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Net Assets

Errors were identified in previously reported capital assets, debt obligations and capital lease obligations. The restatements had the following effect on net assets for governmental activities as previously reported.

	<u>Governmental Activities</u>
Net Assets December 31, 2008	\$73,751,527
Non Depreciable Capital Assets	9,239,390
Capital Lease Obligations	40,187
Adjusted Net Assets December 31, 2008	<u>\$83,031,104</u>

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 3 – Changes in Accounting Principles and Restatement of Net Assets (Continued)

B. Restatement of Net Assets (Continued)

Construction in progress and certain loan balances in the business-type activities were overstated by \$225,229. There was no net effect on net asset balances as of January 1, 2009.

Note 4- Accountability and Compliance

A. Accountability

At December 31, 2009, the Dog and Kennel and the Water Projects and Sewer Projects capital project funds had deficit fund balances of \$112,607, \$23,194, and \$138,146 resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

The County has certain activities within the General Fund that are not budgeted by the County Commissioners. However, this activity is included as part of the reporting entity when preparing financial statements that conform with GAAP.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 5 - Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance			
	General	Job and Family Services	Developmental Disabilities	Children Services
GAAP Basis	\$2,068,553	\$381,267	\$1,398,821	(\$413,264)
<u>Increase (Decrease) Due To</u>				
Revenue Accruals	(1,484,693)	(205,810)	216,750	(135,658)
Expenditure Accruals	62,327	(452,446)	269,468	(11,644)
Outside Cash	1,305	0	0	4,068
Materials and Supplies Inventory	192,773	(74,655)	(3,221)	1,052
Prepaid Items	25,402	0	0	(1,342)
Advances In	27,552	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(86,086)	(1,191,674)	0	(22,503)
Budget Basis	<u>\$807,133</u>	<u>(\$1,543,318)</u>	<u>\$1,881,818</u>	<u>(\$579,291)</u>

Note 6 - Deposits and Investments

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

Monies held by the County which are not considered active are classified as inactive and can be deposited or invested in the following securities provided a written investment policy has been filed the Auditor of State:

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

Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 6 - Deposits and Investments (Continued)

1. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
2. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
3. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
4. 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;
5. The State Treasurer's investment pool (STAR Ohio);
6. 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;
7. Up to twenty-five percent of the County's average portfolio in either of the following:
 - a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation and which mature within two hundred and seventy days after purchase;
 - b. bankers acceptances eligible for purchase by the federal reserve system and which mature within one hundred eighty days after purchase;
8. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase;
9. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper; and

Up to 1 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 6 - Deposits and Investments (Continued)

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 County 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.

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.

Investments

As of December 31, 2009 the County had the following investments:

	Fair value	Investment Maturities (In Years)	
		less than 1	1 - 5
Federal Home Loan Bank	\$6,464,045	\$309,032	\$6,155,013
Federal Farm Credit Bank	2,252,573	257,573	1,995,000
Federal Home Loan Mortgage Corporation	4,007,740	0	4,007,740
Federal National Mortgage Association	6,776,735	308,370	6,468,365
U.S. Treasury Notes	4,116,062	0	4,116,062
STAR Ohio	2,914,828	2,914,828	0
Total Investments	<u>\$26,531,983</u>	<u>\$3,789,803</u>	<u>\$22,742,180</u>

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

	Fair Value	Percentage of Portfolio
Federal Home Loan Bank	\$6,464,045	27.37%
Federal Farm Credit Bank	2,252,573	9.54
Federal Home Loan Mortgage Corporation	4,007,740	16.97
Federal National Mortgage Association	6,776,735	28.69
U.S. Treasury Notes	4,116,062	17.43

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 6 - Deposits and Investments (Continued)

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

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

Note 7 - Investment Pool

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

Condensed financial information for the investment pool is as follows:

Statement of Net Assets
December 31, 2009

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$51,487,067
Accrued Interest Receivable	349,372
<u>Restricted Assets</u>	
Equity in Pooled Cash and Cash Equivalents	1,429,783
Total Assets	<u>\$53,266,222</u>
 <u>Net Assets Held in Trust for Pool Participants</u>	
Internal Portion	\$50,397,928
External Portion	2,868,294
Total Net Assets Held in Trust for Pool Participants	<u>\$53,266,222</u>

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 7 - Investment Pool (Continued)

Statement of Changes in Net Assets
December 31, 2009

<u>Revenues</u>	
Interest	\$2,821,679
<u>Expenses</u>	
Operating Expenses	0
Net Increase in Assets Resulting from Operations	2,821,679
Distributions to Participants	(2,161,770)
Capital Transactions	1,818,719
Total Increase in Net Assets	2,478,628
Net Assets Beginning of Year	50,787,594
Net Assets End of Year	<u>\$53,266,222</u>

Note 8 - Receivables

Receivables at December 31, 2009, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; notes; and special assessments. All receivables are considered collectible within one year except for loans and special assessments. All receivables are considered collectible in full.

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 8 – Receivables (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government and Local Government Revenue Assistance	\$816,067
Sheriff's Contracts	25,788
Public Defender	131,186
Election Costs	148,529
Title VI-D	22,676
Other	2,728
Total General Fund	1,146,974
Developmental Disabilities	
Title V	92,043
IDEA	46,670
Federal Breakfast and Lunch Program	1,296
Ohio Department of Education	541,336
Title XIX & XX	1,030,468
Other	72,968
Total Developmental Disabilities	1,784,781
Children Services	
OWF/PRC	390,925
Other	8,345
Total Children Services	399,270
Total Major Funds	3,331,025
Nonmajor Funds	
Motor Vehicle and Gas Tax	
Gas Tax	\$1,146,418
Motor Vehicle License Tax	1,531,336
Fines and Costs	10,997
Other	33,660
Dog and Kennel	
Fines and Costs	393

(continued)

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 8 – Receivables (Continued)

	Amount
Child Support Enforcement Agency	
Other	130,308
Adult Probation	
Diversion	191,403
Pretrial Release	6,680
ASORRC	10,971
DOJ/Collaboration	
Collaboration Grant	138,514
Total Nonmajor Funds	3,200,680
Total Governmental Activities	6,531,705
Agency Funds	
Local Government and Local Government Revenue Assistance	2,352,232
Library Local Government	1,618,017
Gasoline Tax	562,118
Motor Vehicle License Tax	442,148
Total Agency Funds	4,974,515
Total Intergovernmental Receivables	\$11,506,220

Note 9 - Permissive Sales and Use Tax

In 1967, the County Commissioners, by resolution, imposed a 1 percent tax on all retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies, to the State Auditor, the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Note 10 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax revenues received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2007, were

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 10 – Property Taxes (continued)

levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied or collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2009, and for which there was an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2009 operations. On the full accrual basis, collectible delinquent real property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is deferred.

The full tax rate for all County operations for the year ended December 31, 2009, was \$8.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$1,778,773,310
Public Utility Property	82,211,520
Tangible Personal Property	5,177,060
Total Assessed Value	<u>\$1,866,161,890</u>

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

	Balance January 1, 2009 *	Additions	Reductions	Balance December 31, 2009
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$ 5,537,015	\$0	\$0	\$5,537,015
Construction in Progress	9,239,390	2,268,703	(9,239,390)	2,268,703
Total Nondepreciable Capital Assets	<u>14,776,405</u>	<u>2,268,703</u>	<u>(9,239,390)</u>	<u>7,805,718</u>
Depreciable Capital Assets				
Buildings	49,356,634	1,772,099	0	51,128,733
Machinery and Equipment	2,609,736	0	0	2,609,736
Licensed Vehicles	5,181,515	412,582	(278,067)	5,316,030
Office Furniture and Equipment	5,324,240	241,804	(396,885)	5,169,159
Roads	13,571,693	10,117,747	(323,874)	23,365,566
Bridges	21,724,234	410,613	0	22,134,847
Total Depreciable Capital Assets	<u>97,768,052</u>	<u>12,954,845</u>	<u>(998,826)</u>	<u>109,724,071</u>
Less Accumulated Depreciation for				
Buildings	(29,835,866)	(982,190)	0	(30,818,056)
Machinery and Equipment	(1,838,936)	(169,512)	0	(2,008,448)
Licensed Vehicles	(4,420,256)	(148,860)	257,677	(4,311,439)
Office Furniture and Equipment	(3,779,672)	(341,687)	362,712	(3,758,647)
Roads	(6,313,962)	(1,122,051)	317,514	(7,118,499)
Bridges	(6,116,681)	(449,075)	0	(6,565,756)
Total Accumulated Depreciation	<u>(52,305,373)</u>	<u>(3,213,375)</u>	<u>937,903</u>	<u>(54,580,845)</u>
Total Depreciable Capital Assets, Net	<u>45,462,679</u>	<u>9,741,470</u>	<u>(60,923)</u>	<u>55,143,226</u>
Governmental Activities Capital Assets, Net	<u>\$ 60,239,084</u>	<u>\$12,010,173</u>	<u>(\$9,300,313)</u>	<u>\$62,948,944</u>

* - As restated – See Note 3 for additional information.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 11 - Capital Assets (Continued)

	Balance January 1, 2009 *	Additions	Reductions	Balance December 31, 2009
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$51,219	\$0	0	\$0
Construction in Progress	7,999,954	888,303	0	8,888,257
	<u>8,051,173</u>	<u>888,303</u>	<u>0</u>	<u>8,939,476</u>
Depreciable Capital Assets				
Machinery, Equipment, and Vehicles	1,707,827	34,186	(24,206)	1,717,807
Building and Building Improvements	3,551,806	0	0	3,551,806
Infrastructure	48,246,711	1,477,870	(654,404)	49,070,177
Total Depreciable Capital Assets	<u>53,506,344</u>	<u>1,512,056</u>	<u>(678,610)</u>	<u>54,339,790</u>
Less Accumulated Depreciation for				
Machinery, Equipment, and Vehicles	(1,297,202)	(88,883)	24,206	(1,361,879)
Building and Building Improvements	(302,982)	(101,480)	0	(404,462)
Infrastructure	(21,092,080)	(1,125,045)	654,404	(21,562,721)
Total Accumulated Depreciation	<u>(22,692,264)</u>	<u>(1,315,408)</u>	<u>678,610</u>	<u>(23,329,062)</u>
Total Depreciable Capital Assets, Net	<u>30,814,080</u>	<u>196,648</u>	<u>0</u>	<u>31,010,728</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,865,253</u>	<u>\$1,084,951</u>	<u>0</u>	<u>\$0</u>
	<u>\$ 38,865,253</u>	<u>\$1,084,951</u>	<u>0</u>	<u>\$39,950,204</u>

As restated – See Note 3 for additional information.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government:	
Legislative and Executive	\$439,916
Judicial	100,018
Public Safety	204,260
Public Works	1,766,767
Health	183,822
Human Services	111,314
Conservation and Recreation	407,278
Total Depreciation Expense - Governmental Activities	<u>\$ 3,213,375</u>

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 12 - Interfund Receivables/Payables

Interfund balances at December 31, 2009, consisted of the following individual fund receivables and payables:

Due to General Fund from:

Special Assessments Debt Retirement	\$10,035
Children Services	46,089
Other Governmental	177,663
Total General Fund	<u>233,787</u>

Due to Developmental Disabilities from:

Children Services	<u>3,996</u>
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Due to Other Governmental from:

General Fund	780,000
Other Governmental	202,695
Sewer	12,498
Total Other Governmental Funds	<u>995,193</u>

Due to Sewer from:

Special Assessments Debt Retirement	116,550
Other Governmental	280,967
Total Sewer Fund	<u>\$397,517</u>

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

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

Note 13 - Risk Management

A. Other Insurance Coverage

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the County contracted for commercial insurances. There has been no significant reduction in insurance coverage from the prior year. Settled claims have not exceeded coverage in aggregate for the past three years.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 13 - Risk Management (Continued)

B. Workers' Compensation

For 2009, the County elected to take advantage of a workers' compensation plan being offered by the State of Ohio. The plan, called retrospective rating, allowed the County to pay a fraction of the premium it would pay as an experience-rated risk, instead charging the County for actual claims incurred subject to the plan's individual claims cost limitation and the County's premium limitation.

C. County Employee Benefits Consortium of Ohio, Inc.

In 2009, the County participated in a risk-sharing pool, the County Employee Benefits Consortium of Ohio, Inc. (CEBCO). CEBCO charges a fixed premium per month per enrolled employee. The premiums, along with an administrative charge, are paid into the Health Insurance internal service fund by the participating County funds and, in turn, the premiums are paid to CEBCO. Premiums charged by CEBCO are based upon the County's claims experience. An excess coverage policy covers annual individual claims in excess of \$75,000 with an unlimited maximum. CEBCO retains liability for claims that exceed the expected losses and charged premiums.

D. 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 was responsible for the first \$90,000 in aggregated claims per year. After that, stop-loss covers up to a lifetime maximum of \$2,000,000 per covered person.

Settled claims did not exceed coverage provided by the fund in 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 the Mental Retardation and Developmental Disabilities participated in the program and made payments to the Employee Health Insurance Fund based on estimates of the annual cost of claims. These rates were paid by the fund from which the employees' compensation was 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 cost, 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 adjustments expenses. The County stopped being self insured as of January 1, 2006. The County paid out any residual balances for the plan during 2009 and the self insurance fund has no claims payable at year end.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 14 - Construction and Other Significant Commitments

The County had various outstanding contracts at December 31, 2009. The following amounts remain on these contracts.

Company	Project	Outstanding Balance
Ford Motor Company	Social Services	\$222,704
Motorola Inc	Equipment	257,493
Statewide Ford Lincoln	Vehicles	105,858
All Temp Refrigeration	HB 300 Energy	263,482
Miller Contracting Group, Inc.	Woodbriar Sewer	196,621
Beaverdam Contracting Inc.	American Bath Trunk Sewer	113,256
All Purpose Contracting Inc.	Wapak Rd Pump Station Upgrade	109,000
Netstar Corporation	IT Equipment	123,757

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

B. OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

C. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. The member contribution rates for members other than law enforcement personnel were 10.0%, 10.0%, and 9.5% for 2009, 2008, and 2007, respectively, for the County. The rate for members of law enforcement was 10.1% for 2009 and 2008 and 9.75% for 2007.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 15 - Defined Benefit Pension Plans (Continued)

The employer contribution rates for members other than law enforcement personnel were 14.0%, 14.0%, and 13.85% of covered payroll for 2009, 2008, and 2007, respectively, for the County. The employer contribution rates for law enforcement personnel were 17.63%, 17.4%, and 17.17% of covered payroll for 2009, 2008, and 2007, respectively, for the County.

The County's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$2,198,376, \$2,782,356, and \$3,377,868, respectively; 85 percent has been contributed for 2009 and 100 percent has been contributed for 2008 and 2007. Contributions to the member directed plan for 2009 were \$5,433 made by the County and \$3,881 made by plan-members.

B. State Teachers Retirement System

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

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

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 15 - Defined Benefit Pension Plans (Continued)

amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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

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

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

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

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

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. For the fiscal years ended June 30, 2009, 2008, and 2007, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 15 - Defined Benefit Pension Plans (Continued)

The County's required contribution for pension obligations for the DBP for the fiscal years ended June 30, 2009, 2008, and 2007 was \$130,787, \$127,878, and \$123,862, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

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

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the TP and the CO Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

Employer's contributions are expressed as a percentage of the covered payroll of active members. In 2009, the County contributed at 14.0% of covered payroll of members other than law enforcement personnel. The County contributed at 17.4% of covered payroll of members of law enforcement. The Ohio Revised Code currently limits the employer contribution rate not to exceed 14.0% and 18.1% of covered payroll of members other than law enforcement personnel and members of law enforcement, respectively. Active members do not make contributions to the OPEB Plan.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 16 - Postemployment Benefits (Continued)

OPERS' post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2009, the portion of employer contributions allocated to health care was 7.0% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. For 2007, these percentages were 5.0% for January through June 2007 and 6.0% for July through December 2007. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- C. The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2009, 2008, and 2007 was \$3,071,449, \$2,653,576, and \$1,897,166, respectively; 85 percent has been contributed for 2009 and 100 percent for 2008 and 2007.
- D. The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The County's contribution for health care for the fiscal years ended June 30, 2009, 2008, and 2007 was \$9,342, \$9,134, and \$8,847 respectively; 100 percent has been contributed for fiscal years 2009, 2008, and 2007.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 17 - Compensated Absences

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

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

Note 18 – Notes Payable

A summary of the note transactions for the year ended December 31, 2009 is as follows:

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
<u>Governmental Activities</u>					
Bond Anticipation Notes					
Road Improvement (Eastown)	2.86%	\$0	\$400,000	\$0	\$400,000
Ditch Equipment	2.74	75,000	50,000	75,000	50,000
HB 300 Energy Project	3.09	0	2,900,000	0	2,900,000
Total Bond Anticipation Notes		75,000	3,350,000	75,000	3,350,000
<u>Special Assessment Notes</u>					
Little Ottawa River #1260	2.86	110,000	59,800	145,600	24,200
Bellinger Ditch #1188	2.74	5,400	5,400	5,400	5,400
Mayer Ditch #1205	2.74	1,200	1,200	1,200	1,200
Belmont Ditch #1218	2.74	5,700	4,500	5,700	4,500
Pike Run Ditch #1150	2.74	1,000,000	859,500	1,450,000	409,500
Zimmerman Ditch #1219	2.74	17,600	9,500	17,600	9,500
Jennings Creek #1160	2.74	26,300	26,300	26,300	26,300
Village of Lafayette #1223	2.74	2,800	900	2,800	900
Flat Fork Ditch #1224	2.74	505,000	155,000	505,000	155,000
Earl Gaskill Ditch #1229	2.74	61,200	43,200	61,200	43,200
Jeff Brown Ditch #1230	3.98	6,300	0	6,300	0
Hamernik Ditch #1193	3.98	3,200	0	3,200	0
Findlay Road Phase II	2.74	506,000	852,788	932,394	426,394
Perry Sewer	2.74	480,000	960,000	960,000	480,000
Jackson-Auglaize Sewer	3.98	300,000	0	300,000	0
Westmister Sewer	3.09	0	228,500	0	228,500
Billymack #1256	2.86	0	61,000	0	61,000
Airport #1217	2.74	55,500	39,000	55,500	39,000
Colucci #1243	2.74	30,000	30,000	30,000	30,000
Crites #1244	3.09	17,500	63,500	52,800	28,200

(continued)

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 18 – Notes Payable (Continued)

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009
Merle #1246	2.74	300,000	158,706	300,000	158,706
Hollenbacher #1247	2.74	19,000	3,000	19,000	3,000
Lost Creek # 1251	2.74	75,000	75,500	75,000	75,500
Steinke # 1253	2.86	15,000	112,200	15,000	112,200
Speedco #1262	2.86	10,000	61,100	10,000	61,100
Lapoint #1275	3.09	0	7,750	0	7,750
Fairwood #1274	3.09	0	5,000	0	5,000
Springhill & Oakwoods #1272	3.09	0	35,000	0	35,000
Boughan #1271	2.86	0	9,400	0	9,400
Fairwood & Masters #1264	2.86	0	55,000	42,400	12,600
Burkholder #1278	2.86	0	55,500	0	55,500
Welty Impro #1252	3.09	0	60,000	0	60,000
Berryman #1252	2.74	25,000	25,000	25,000	25,000
Warrington #1236	2.74	\$135,000	\$32,000	\$135,000	\$32,000
Lammers #1235	3.09	40,000	90,250	97,700	32,550
Diane Baughman #1198	2.74	10,000	10,000	10,000	10,000
Moening #1231	2.74	9,400	7,000	9,400	7,000
Shaw & Goddard #1276	2.86	16,000	16,000	16,000	16,000
James Dutton #1231	2.74	7,900	7,900	7,900	7,900
Total Special Assessment Notes		<u>3,796,000</u>	<u>4,226,394</u>	<u>5,323,394</u>	<u>2,699,000</u>
<u>Enterprise Activities</u>					
Improvements for Overflow	2.74	<u>2,800,000</u>	<u>2,700,000</u>	<u>2,800,000</u>	<u>2,700,000</u>
Total Bond Anticipation Notes		<u>\$6,671,000</u>	<u>\$10,276,394</u>	<u>\$8,198,394</u>	<u>\$8,749,000</u>

The County issued general obligation notes for economic development. The County's general obligation notes are backed by the full faith and credit of Allen County.

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance January 1, 2009 *	Additions	Reductions	Balance December 31, 2009	Due within a Year
General Obligation Bonds						
2002 Court of Appeals (Original Amount \$2,744,85)	1.5-5.25%	\$1,611,238	\$0	\$205,859	\$1,405,379	\$213,776
2002 County Justice Center (Original Amount \$7,655,435)	1.5 - 5.25	4,493,761	0	574,141	3,919,620	596,224
2001 Downtown Parking (Original Amount \$1,310,000)	3.3 – 5.0	975,000	0	55,000	920,000	60,000
2001 Civic Center (Original Amount \$4,230,000)	3.3 – 5.0	3,147,000	0	181,000	2,966,000	196,000
2008 Road Improvement (Original Amount \$1,760,000)	3.195	1,760,000	0	176,000	1,584,000	176,000
Total General Obligation Bonds		11,986,999	0	1,192,000	10,794,999	1,242,000
Special Assessment Bonds						
2002 Project #17-700 and 17-800 (Original Amount \$380,000)	1.5 – 5.25	105,000	0	50,000	55,000	55,000
2002 Waterline Improvement (Original Amount \$450,000)	1.5 – 5.25	170,000	0	55,000	115,000	55,000
2002 Hixenbaugh/Copus/ Indianbrook (Original Amount \$310,000)	1.5 – 5.25	\$115,000	0	\$30,000	\$85,000	\$30,000
2006 Ft. Shawnee Waterline Refund (Original Amount \$1,892,400)	3.0 - 5.0	1,225,000	0	180,000	1,045,000	190,000
2002 Findlay/Ada/Stewart Road (Original Amount \$2,110,000)	1.5 – 5.25	1,580,000	0	100,000	1,480,000	100,000
2001 Allentown Road Sewer (Original Amount \$865,000)	3.3 – 5.0	650,000	0	40,000	610,000	40,000
2001 East Road Waterline (Original Amount \$50,000)	3.3 – 5.0	32,000	0	3,000	29,000	3,000
2001 Ottawa River Bend Waterline (Original Amount \$95,000)	3.3 – 5.0	61,000	0	6,000	55,000	6,000
2006 Delmar/Glenn (Original Amount \$342,600)	3.0 – 5.0	312,800	0	16,600	296,200	16,600
2006 Trebor Drive Waterline (Original Amount \$11,000)	3.0 -5.0	9,200	0	400	8,800	400
2006 Southwood Waterline (Original Amount \$71,000)	3.0 – 5.0	58,000	0	3,000	55,000	3,000
2006 Berryman Waterline (Original Amount \$133,000)	3.0 – 5.0	110,000	0	5,000	105,000	5,000
2006 Oakview Project (Original Amount \$805,000)	3.0 – 5.0	680,000	0	30,000	650,000	30,000

(continued)

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

	Interest Rate	Balance January 1, 2009 *	Additions	Reductions	Balance December 31, 2009	Due within a Year
General Obligation Bonds (continued)						
2006 Bond Premium		154,439	0	9,084	145,355	9,084
Total Special Assessment Bonds		5,262,439	0	528,084	4,734,355	543,084
Other Long-Term Obligations						
Compensated Absences Payable		3,254,518	210,659	175,792	3,289,385	1,749,062
Airport Improvement Note		377,000	530,000	377,000	530,000	35,333
Issue II Loan Payable-Phillips		81,037	0	7,367	73,670	3,683
Issue II Loan Payable-Second		146,172	0	9,431	136,741	4,715
Issue II Loan Payable-Eastown 1		846,319	0	49,784	796,535	24,892
Issue II Loan Payable-Eastown 2		121,708	0	6,761	114,947	3,381
Issue II Loan Payable-Eastown 4		0	572,470	0	572,470	0
Issue II Loan Payable – Road resurfacing		0	345,518	8,638	336,880	8,638
OWDA Loan Payable - Lutz/Early		620,489	0	33,615	586,874	16,933
OWDA Loan Payable-4th /Bowman		371,981	0	21,697	350,284	10,946
OWDA Loan Payable – Perry Schools Sewer		0	482,943	0	482,943	9,129
OWDA Loan Payable-Findlay Rd		0	429,009	0	429,009	8,721
Capital Leases Payable		126,938	0	83,892	43,046	14,637
Total Other Long-Term Obligations		5,946,162	2,570,599	773,977	7,742,784	1,890,070
Total Governmental Activities		\$23,195,600	\$2,570,599	\$2,494,061	\$23,272,138	\$3,675,154

	Interest Rate	Balance January 1, 2009 *	Additions	Reductions	Balance December 31, 2009	Due within a Year
Business-Type Activities						
Revenue Bonds						
2002 Sewer System	1.5-5.25					
(Original Amount \$7,171,583)		\$4,900,000	\$0	\$410,000	\$4,490,000	\$425,000
Bond Premium		13,489	0	1,349	12,140	1,349
Total Revenue Bonds		4,913,489	0	411,349	4,502,140	426,349
Other Long-Term Obligations						
Compensated Absences Payable		149,724	21,675	0	171,399	102,472
OWDA Loan Payable-American II	1.00	9,373,044	52,264	537,051	8,888,257	212,967
OWDA Loan Payable-Bath SSO	1.00	0	938,488	342,094	596,394	0
Issue II Loan-Shaw WWTP/Sewer	0.00	209,288	0	70,857	138,431	10,276
Total Other Long-Term Obligations		9,732,056	1,012,427	950,002	9,794,481	325,715
Total Business-Type Activities		\$14,645,545	\$1,012,427	\$1,361,351	\$14,296,621	\$752,064

* - As restated – See Note 3 for additional information.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

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

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

During 2009, the County received OWDA loan funds for construction of sewer projects with payments beginning in 2010 for one of the loans. The OWDA loans reflected in the business-type activities fund will be paid from operating revenues of the sewer enterprise fund.

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

In August of 2009 the County issued \$530,000 in Airport Improvement Notes at a rate of 4.64%. These notes were issued for a fifteen year period for various airport improvements.

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

In conjunction with the issuance of the sewer system revenue bonds, the County entered into a trust agreement with Fifth Third Bank. This trust agreement requires that the County establish various accounts for the repayment of debt. Certain restricted assets in the sewer fund are held by the trustees in accordance with the trust agreement.

Restricted assets relating to the sewer revenue bonds consisted of the following at December 31, 2009:

Restricted assets held by the trustee for debt service	\$621,319
Restricted assets held by the County for operations	1,275,526
Restricted assets held by the County for replacement and improvement	154,257

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

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of the certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

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, 2009 are an overall debt margin of \$32,770,609 and an unvoted debt margin of \$6,278,181.

On October 29, 2009 the County entered into a loan agreement in the total amount of \$356,592 with the Ohio Water Development Authority (OWDA) to provide financing for the Woodbriar pump station. The loan provides for \$187,500 of the loan to be forgiven (paid off) through ARRA stimulus monies passed through the Ohio Environmental Protection Agency (OEPA). There was no balance outstanding on this loan as of December 31, 2009.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

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

Year	Issue II		OWDA Loans		General Obligation Bonds	
	Loans		Principal	Interest	Principal	Interest
	Principal					
2010	\$ 45,309	\$	45,729	\$ 18,524	\$ 1,242,000	\$ 473,297
2011	90,620		92,635	35,874	1,272,000	429,637
2012	90,620		94,240	34,269	1,307,000	383,122
2013	90,620		95,892	32,616	1,349,999	332,806
2014	90,620		97,594	30,915	1,415,000	266,944
2015-2019	453,094		515,289	127,254	3,404,000	569,985
2020-2024	419,938		566,069	76,475	805,000	60,750
2025-2029	177,952		341,662	98,842	-	-
	<u>\$ 1,458,773</u>	<u>\$</u>	<u>1,849,110</u>	<u>\$ 454,769</u>	<u>\$ 10,794,999</u>	<u>\$ 2,516,541</u>

Year	Airport		Special	
	Improvement Note		Assessment Bonds	
	Principal	Interest	Principal	Interest
2010	\$ 35,333	\$ 24,611	\$ 534,000	\$ 214,559
2011	35,334	22,948	494,000	192,140
2012	35,333	21,371	459,000	170,586
2013	35,333	19,674	451,000	149,526
2014	35,333	18,034	466,000	126,829
2015-2019	176,666	65,619	1,375,000	386,610
2020-2024	176,668	24,618	810,000	81,675
	<u>\$ 530,000</u>	<u>\$ 196,875</u>	<u>\$ 4,589,000</u>	<u>\$ 1,321,925</u>

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

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

Year	Issue II	OWDA Loan		General Obligation Bonds	
	Loans	Principal	Interest	Principal	Interest
2010	\$10,276	\$212,967	\$44,441	\$425,000	\$191,337
2011	20,551	429,133	85,683	440,000	176,887
2012	20,551	433,435	81,381	455,000	161,047
2013	20,551	437,780	77,036	475,000	144,213
2014	20,551	442,169	72,647	490,000	125,213
2015-2019	45,951	2,278,232	295,847	2,205,000	261,231
2020-2024	0	2,394,741	179,338	0	0
2025-2029	0	2,259,800	56,871	0	0
	<u>\$138,431</u>	<u>\$8,888,257</u>	<u>\$893,244</u>	<u>\$4,490,000</u>	<u>\$1,059,928</u>

The Issue II Loan Payable – Eastown 4 in the Governmental Activities and the OWDA Loan – Bath SSO in the Business-Type Activities have not been fully drawn as of December 31, 2009. As such, final amortization schedules are not available for these loans.

Conduit Debt

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

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

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

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

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.

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 19 - Long-Term Obligations (Continued)

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, 2009 the aggregate principal amount payable on these bonds is \$22,840,000.

Note 20 - Capital Leases - Lessee Disclosure

The County has entered into capitalized leases for machinery and equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Equipment acquired by lease has a cost value of \$249,914. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. Principal payments in 2009 were \$83,892 for governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009.

Year	Governmental Activities
2010	\$15,139
2011	14,497
2012	13,980
2013	4,542
Total	48,158
Less Amount Representing Interest	(5,112)
Present Value of Net Minimum Lease Payments	\$43,046

Note 21 - Interfund Transfers

During 2009 the following transfers were made:

		Transfers Out			
		General	Other Governmental	Business-Type Activities	Total
Transfers In	Governmental Activities				
	General	\$0	\$739,359	\$0	\$739,359
	Special Assessment Debt Retirement	0	0	17,951	17,951
	Other Governmental	254,241	342,600	395,328	992,169
	Total Governmental Activities	\$254,241	\$1,081,959	\$413,279	\$1,749,479

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 21 - Interfund Transfers (Continued)

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 22 – Joint Venture

A. Lima-Allen County Downtown Construction

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

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

The City of Lima has agreed to enter into a long-term lease agreement with the County offering the County a one-half ownership interest in the parking garage, which will be operated and maintained by the Lima-Allen County Joint Parking Commission, in accordance with the rules and regulations established for the JPC (see Note 23). As of December 31, 2009 this lease has not been entered into.

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

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 22 – Joint Venture (Continued)

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

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 2009, the County did not pay membership fees. Complete financial statements can be obtained from the Lima-Allen County Regional Planning Commission, Allen County, Ohio.

B. North Central Ohio Solid Waste Management District

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 23 – Jointly Governed Organizations (Continued)

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

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

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

D. Lima-Allen County Joint Parking Commission

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

Note 24 – Insurance Pool

County Employee Benefits Consortium of Ohio, Inc.

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 25 - Marimor Industries

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

B. Deposits and Investments

At year end, the carrying amount of deposits was \$482,764. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" as of December 31, 2009, no monies of the organization's bank balance of \$482,554 was exposed to custodial risk as discussed above, as \$408,203 was covered by Federal Deposit Insurance Corporation and \$74,351 was covered by National Credit Union Association.

C. Capital Assets

The Industries had capital assets equipment, in the amount of \$674,727, as of December 31, 2009. Accumulated depreciation was \$551,101, with a net capital asset amount of \$123,626. Depreciation is computed using the straight-line method over a useful life of three to seven years.

Note 26 – LODDI

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 26 – LODDI (Continued)

B. Deposits and Investments

At year end, the carrying amount of LODDI deposits was \$35,050. These amounts are classified as “Cash and Cash Equivalents in Segregated Accounts” on the balance sheet. There are no statutory guidelines regarding the deposit of funds by the not-for-profit corporations.

C. Capital Assets

LODDI had capital assets of land and buildings, in the amounts of \$117,367 and \$1,163,545, respectively, as of December 31, 2009. Accumulated depreciation was \$263,200, with a net capital asset amount of \$1,017,712. Depreciation is computed using the straight-line method over a useful life of forty years.

D. Long-Term Obligations

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
Mortgage Notes Payable	4.67–9.2%	\$122,849	\$0	\$27,617	\$95,232	\$24,169

Note 27 – Related Party Transactions

Marimor Industries, a discretely presented component unit of Allen County, has entered into a contract with the Allen County Board of Developmental Disabilities (DD), whereby the DD has agreed to pay specified overhead expenses for the workshop. The additional income and related expenses are not reflected in the financial statements of the component unit. In 2009, the contribution to Marimor Industries for salaries, retirement, employee benefits, worker’s compensation, repairs, supplies, equipment, medicare, and other expenses was \$3,385,645.

Note 28 - Contingent Liabilities

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

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

Allen County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 29 - Subsequent Events

On April 28, 2010 the County authorized the issuance of \$2,125,000 of Various Purpose Bond Anticipation Notes (Utility and Ditch Projects).

On August 26, 2010, the County entered into a loan agreement with OWDA in the amount of \$3,451,817 to finance the Westminster Sewers project. This loan is an interest free loan.

Allen County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Food Stamp Cluster:				
Supplemental Nutrition Assistance Program	G-1011-11-5003	10.551	\$41,642	\$0
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - ARRA	G-1011-11-5003	10.561	56,983	0
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1011-11-5003	10.561	<u>579,405</u>	<u>0</u>
Total Food Stamp Cluster			678,030	0
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program				
Marimor School	065821-05-PU	10.553	15,395	0
Detention Center	069971-05-PU	10.553	<u>19,891</u>	<u>0</u>
Total School Breakfast Program			35,286	0
National School Lunch Program				
Marimor School	065821-LL-P4	10.555	24,365	5,314
Detention Center	069971-LL-P4	10.555	<u>30,671</u>	<u>940</u>
Total National School Lunch Program			55,036	6,254
Total Nutrition Cluster			90,322	6,254
Total U.S. Department of Agriculture			768,352	6,254
U.S. Department of Commerce National Telecommunications and Information Administration				
<i>Passed Through the Ohio Emergency Management Agency:</i>				
Public Safety Interoperable Communications Grant Program	2007-GS-H7-0053	11.555	<u>2,526,947</u>	<u>0</u>
Total U.S. Department of Commerce National Telecommunications and Information Administration			2,526,947	0
U.S. Department of Housing and Urban Development				
<i>Passed through the Ohio Department of Development:</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Formula Allocation Program	B-F-07-002-1	14.228	1,000	0
Formula Allocation Program	B-F-08-002-1	14.228	214,045	0
Formula Allocation Program	B-F-09-002-1	14.228	<u>3,500</u>	<u>0</u>
Total Formula Allocation Program			218,545	0
CDBG Loan	N/A	14.228	465,000	0
CDBG Revolving Loans	N/A	14.228	<u>181,125</u>	<u>0</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			864,670	0
Home Investment Partnership Program	B-C-07-002-1	14.239	13,293	0
Home Investment Partnership Program	B-C-07-002-2	14.239	<u>194,912</u>	<u>0</u>
Total Home Investment Partnership Program			208,205	0
Total U.S. Department of Housing and Urban Development			1,072,875	0
U.S. Department of Justice				
<i>Passed through the Ohio Department of Criminal Justice :</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Sex Offender Risk Reduction	2006-JG-D01-6437A	16.738	<u>50,000</u>	<u>0</u>
Total Edward Byrne Memorial Justice Assistance Grant Program			50,000	0
Juvenile Accountability Block Grants				
Mentors for Achievement	2008-JB-015-A099	16.523	<u>12,131</u>	<u>0</u>
Total Juvenile Accountability Block Grants			12,131	0
Total U.S. Department of Justice			62,131	0
U.S. Department of Labor				
<i>Passed through the Workforce Investment Act, Area 7:</i>				
Workforce Investment Act Cluster				
WIA Adult Program	N/A	17.258	679,030	0
WIA Adult Program - ARRA	N/A	17.258	259,867	0
WIA Youth Activities	N/A	17.259	521,260	0
WIA Youth Activities - ARRA	N/A	17.259	536,385	0
WIA Dislocated Workers	N/A	17.260	950,839	0
WIA Dislocated Workers - ARRA	N/A	17.260	<u>125,369</u>	<u>0</u>
Total Workforce Investment Act Cluster			3,072,750	0
Total U.S. Department of Labor			3,072,750	0

(continued)

Allen County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Non-Cash Disbursements
U.S. Department of Transportation				
<i>Federal Highway Administration</i>				
<i>Passed through the Ohio Department of Transportation:</i>				
Highway Planning and Construction	N/A	20.205	\$6,818,606	\$0
Total U.S. Department of Transportation			6,818,606	0
U.S. Department of Education				
<i>Passed through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education-Grants to States	065821-6B-SF-10P	84.027	38,066	0
Special Education-Grants to States - ARRA	065821-6B-SF-10P	84.391	43,456	0
Special Education-Grants to States	065821-6B-SD-09P	84.027	46,048	0
Total Special Education-Grants to States			127,570	0
Special Education-Preschool Grants	065821-PGS1-10-P	84.173	16,184	0
Special Education-Preschool Grants - ARRA	065821-PGS1-10-P	84.392	3,983	0
Special Education-Preschool Grants	065821-PGS1-09-P	84.173	9,216	0
Special Education-Preschool Grants	065821-PGD1-06	84.173	1,575	0
Total Special Education-Preschool Grants			30,958	0
Total Special Education Cluster			158,528	0
State Grants for Innovative Programs	065821-C2S1-2009	84.298	128	0
Total U.S. Department of Education			158,656	0
Elections Assistance Commission				
<i>Passed through the Secretary of State:</i>				
Help America Vote Act Requirements Payments	N/A	90.401	3,806	0
Total Elections Assistance Commission			3,806	0
U.S. Department of Health and Human Services				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant	N/A	93.667	197,410	0
Medical Assistance Program	N/A	93.778	391,404	0
			588,814	0
<i>Passed through the Ohio Department of Job and Family Services:</i>				
Promoting Safe and Stable Family	N/A	93.556	113,828	0
Child Support Enforcement	G-1011-11-5004	93.563	893,402	0
Child Support Enforcement - ARRA	G-1011-11-5004	93.563	656,099	0
Temporary Assistance for Needy Families	G-1011-11-5003	93.558	5,007,323	0
Child Welfare Services_State Grants	N/A	93.645	93,335	0
Foster Care Title IV-E - ARRA	N/A	93.658	490,574	0
Adoption Assistance - ARRA	N/A	93.659	821,449	0
Social Services Block Grant	G-1011-11-5003	93.667	326,069	0
Child Abuse and Neglect State Grants	N/A	93.669	2,000	0
Chafee Foster Care Independence Program	N/A	93.674	23,901	0
Medical Assistance Program	G-1011-11-5003	93.778	1,016,252	0
			9,444,232	
Child Care Development Fund Cluster:				
Child Care and Development Block Grant	G-1011-11-5003	93.575	602,215	0
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	G-1011-11-5003	93.596	1,142,271	0
Child Care and Development Block Grant - ARRA	G-1011-11-5003	93.713	109,075	0
Total Child Care Development Fund Cluster			1,853,561	0
Total U.S. Department of Health and Human Services			11,886,607	0
U.S. Department of Homeland Security				
<i>Passed through the Ohio Emergency Management Agency:</i>				
State Homeland Security Program	2007-GE-T7-0030	97.067	52,756	0
State Homeland Security Program	2008-GE-T8-0025	97.067	64,703	0
Total State Homeland Security Program			117,459	0
Emergency Management Performance Grants:				
Emergency Management Performance Grants	2008-EM-E8-0002	97.042	50,036	0
Total U.S. Department of Homeland Security			167,495	0
Total Federal Expenditures			\$26,538,225	\$6,254

N/A - pass through entity number not available

See accompanying notes to the Schedule of Federal Awards Expenditures.

ALLEN COUNTY, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 – GENERAL

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

NOTE 2 – BASIS OF ACCOUNTING

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

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

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

Activity in the CDBG economic development and housing revolving loan funds during 2009 is as follows:

Beginning loans receivable balance as of January 01, 2009	\$1,608,265
Loans made	160,000
Loan principal repaid on loans issued	<u>(219,683)</u>
Ending loans receivable balance as of December 31, 2009	1,548,582
Cash balance on hand in the revolving loan fund as of December 31, 2009	413,045
Administrative costs expenditures during 2009	<u>21,125</u>
Total value of RLF portion of the CDBG 14.228 program	1,982,752
Other grants administered through the 14.228 program	<u>864,670</u>
Total CDBG CFDA #14.228 program	<u>\$2,847,422</u>
Delinquent amounts due as of December 31, 2009	<u>\$126,800</u>

ALLEN COUNTY, OHIO
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009

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

Activity in the HOME housing revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 01, 2009	\$6,457
Loans made	0
Loan principal repaid on loans issued	0
Ending loans receivable balance as of December 31, 2009	<u>6,457</u>
Cash balance on hand in the revolving loan fund as of December 31, 2009	19,525
Administrative costs expenditures during 2009	0
Total value of RLF portion of the CDBG 14.239 program	<u>19,525</u>
Other grants administered through the 14.239 program	<u>208,205</u>
Total CDBG CFDA #14.239 program	<u>\$234,187</u>
Delinquent amounts due as of December 31, 2009	<u>\$0</u>

NOTE 4 – FOOD SERVICES PROGRAMS – MARIMOR SCHOOL AND DETENTION CENTER

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

NOTE 5 – MATCHING REQUIREMENTS

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

NOTE 6 – WORKFORCE INVESTMENT ACT

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

NOTE 7 – TRANSFER BETWEEN FEDERAL PROGRAMS

During 2009, the County made allowable transfers of \$326,069 from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. The amount reported for the Temporary Assistance for Needy Families program on the Supplementary Schedule excludes the amount transferred to the Social Services Block Grant program. The amount transferred to the Social Services Block Grant program is included in the federal program expenditures for these programs. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during 2009 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 5,333,392
Social Services Block Grant	<u>(326,069)</u>
Total Temporary Assistance for Needy Families	<u>\$ 5,007,323</u>



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by
*Government Auditing Standards***

Allen County
Board of County Commissioners
301 North Main Street
Lima, Ohio 45801

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allen County, Ohio (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 28, 2011, wherein we noted that the County implemented Governmental Accounting Standards Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans" and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies". We also noted that we issued an adverse opinion on the aggregate presented component units since the County omitted their component unit presentation for the Port Authority of Allen County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of Marimor Industries, as described in our opinion on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. Other auditors audited the financial statements of LODDI, Inc. in accordance with auditing standards general accepted in the United States of America and not in accordance with *Government Auditing Standards* and accordingly this report does not extend to that component unit.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider a material weakness.

Internal Control Over Financial Reporting (Continued)

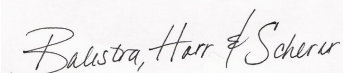
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and timely corrected. We consider finding 2009-001 in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-002.

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the County's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of County Commissioners, others within the County, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
March 28, 2011



Balestra, Harr & Scherer, CPAs, Inc.

Members American Institute of Certified Public Accountants

Members Ohio Society of Certified Public Accountants

Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Allen County
Board of County Commissioners
301 North Main Street
Lima, Ohio 45801

Compliance

We have audited the compliance of Allen County, Ohio (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 apply to each of its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to each of its major federal programs for the year ended December 31, 2009. However, the results of our auditing procedures disclosed an other instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as item 2009-003.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

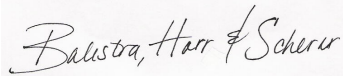
Internal Control Over Compliance (Continued)

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The County's response (ie. corrective action plan) to the finding we identified is described in the accompanying schedule of findings. We did not audit the County's response and accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of County Commissioners, federal awarding agencies, pass-through entities and others within the County. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
March 28, 2011

Allen County
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified on Primary Government. Adverse on Discretely Presented Component Units
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs	Unqualified
(d)(1)(vi)	Are there any reportable findings under section	Yes
(d)(1)(vii)	Major Programs (list):	<p>Food Stamp Cluster CFDA #10.551 Supplemental Nutritional Assistance Program; CFDA #10.561 State Administrative Matching Grants for SNAP; CFDA #10.561 (ARRA) State Administrative Matching Grants for SNAP;</p> <p>Workforce Investment Act Cluster CFDA #17.258 WIA Adult Program; CFDA #17.258 (ARRA) WIA Adult Program; CFDA #17.259 WIA Youth Activities; CFDA #17.259 (ARRA) WIA Youth Activities; CFDA #17.260 WIA Dislocated Workers; CFDA #17.260 (ARRA) WIA Dislocated Workers</p> <p>CFDA #11.555 Public Safety Interoperable Communications Grant Program; CFDA #14.228 Community Development Block Grants; CFDA #93.558 Temporary Assistance for Needy Families; CFDA #93.563 Child Support Enforcement; CFDA# 93.563 (ARRA) Child Support Enforcement; CFDA #93.575 Child Care and Development Block Grant; CFDA #93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund; CFDA #93.659 (ARRA) Adoption Assistance; CFDA #93.667 Social Services Block Grant; CFDA #93.713 (ARRA) – Child Care and Development Block Grant</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$796,334 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

Allen County
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009
(Continued)

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding 2009-001

Significant Deficiency/Material Weakness – Internal Controls Over Financial Reporting

A material restatement of beginning net assets was made to correct an error in reporting capital assets in the Governmental Activities. There were a number of errors detected in the financial statements which required adjustments to correct as well. There were also deficiencies requiring correction in the notes to the basic financial statements. Such errors should have been prevented or detected by the County’s internal controls over financial reporting.

The accompanying financial statements were adjusted to reflect correction of various errors. The County should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately reported and that the notes to the basic financial statements have the appropriate financial statement disclosures.

Client Response:

The County implemented controls which resulted in the correction of the beginning capital assets balance in our Governmental Activities. The County makes every effort to decrease misstatements and present its financial statements accurately. We take our financial statements very seriously as evidenced by the fact that we continue to file the GAAP reports required instead of modified cash statements prepared under an OCBOA.

Finding 2009-002

Noncompliance – Filing of Annual Report

Ohio Revised Code Section 117.38 states entities must file an annual report with the Auditor of State within 150 days of fiscal year end.

For 2009, the County’s management submitted the annual report to the Auditor of State on September 22, 2010 not within the 150 days of fiscal year end as required. The late filing resulted in the audit not being able to be completed in a timely manner. The County’s management should prepare its annual report and submit it to the Auditor of State within 150 days of fiscal year end.

Client Response:

The County makes every effort to have financial statements submitted within a 150 days of year end and realized the importance of timely data. Unfortunately, due to staff constraints and day to day operations, priorities must be set and not all items get done when liked. We take our financial statements very seriously as evidenced by the fact that we continue to file the GAAP reports required instead of modified cash statements prepared under an OCBOA.

Allen County
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009
(Continued)

3. Findings and Questioned Costs for Federal Awards

Finding Number	CFDA Title and Number	Federal Award Year	Federal Agency
2009-003	10.551 – Supplemental Nutritional Assistance Program (SNAP)	2009	U.S. Department of Agriculture
2009-003	10.561 – State Administrative Matching Grants for SNAP	2009	U.S. Department of Agriculture
2009-003	10.561 (ARRA) – State Administrative Matching Grants for SNAP	2009	U.S. Department of Agriculture
2009-003	11.555 - Public Safety Interoperable Communications Grant Program	2009	U.S. Department of Commerce
2009-003	14.228 - Community Development Block Grants	2009	U. S Department of Housing and Urban Development
2009-003	17.258 – WIA Adult Program	2009	U.S. Department of Labor
2009-003	17.258 (ARRA) – WIA Adult Program	2009	U.S. Department of Labor
2009-003	17.259 – WIA Youth Activities	2009	U.S. Department of Labor
2009-003	17.259 (ARRA) – WIA Youth Activities	2009	U.S. Department of Labor
2009-003	17.260 – WIA Dislocated Workers	2009	U.S. Department of Labor
2009-003	17.260 (ARRA) – WIA Dislocated Workers	2009	U.S. Department of Labor
2009-003	93.558 - Temporary Assistance for Needy Families	2009	U. S. Department of Health & Human Services
2009-003	93.563 - Child Support Enforcement	2009	U. S. Department of Health & Human Services
2009-003	93.563 (ARRA) - Child Support Enforcement	2009	U. S. Department of Health & Human Services
2009-003	93.575 - Child Care and Development Block Grant	2009	U. S. Department of Health & Human Services
2009-003	93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	2009	U. S. Department of Health & Human Services
2009-003	93.659 (ARRA) - Adoption Assistance	2009	U. S. Department of Health & Human Services
2009-003	93.667 - Social Services Block Grant	2009	U. S. Department of Health & Human Services
2009-003	93.713 (ARRA) – Child Care and Development Fund.	2009	U. S. Department of Health & Human Services

Noncompliance Citation – Reporting

Circular A-133 and Title 31 of the United States Code requires that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Allen County
Schedule of Findings
OMB Circular A-133 Section .505
For the Year Ended December 31, 2009
(Continued)

3. Findings and Questioned Costs for Federal Awards

Noncompliance Citation – Reporting (continued)

The County did not submit the required reports within this time frame for fiscal year 2008 or 2009.

The County should ensure that the audits required by Circular A-133 are properly performed and submitted when due. When extensions to the report submission due date are granted by the cognizant or oversight agency for audit, the County should promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

Corrective Action Plan for Finding 2009-003:

Finding Control Number: 2009-003

Summary of Finding: The County did not submit the audit, the data collection form and reporting package within the required time frame for fiscal years 2008 or 2009.

Statement of Concurrence: The County is aware of Finding 2009-003 and agrees that the finding as stated is correct.

Corrective Action: The County is working closely with its independent public accountant to ensure that all appropriate deadlines are met. The County will ensure that this deadline is complied with for 2010 and all future years.

Contact Person: The official responsible for completing the corrective action is listed below:

Tony Stechschulte
Director of Finance
Phone: (419) 228-3700
Fax: (419) 222-2543
E-mail: tstechschulte@allencountyohio.com

Allen County
Schedule of Prior Audit Findings
OMB Circular A-133 Section .315(b)
For the Year Ended December 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-1	Material Weakness – Internal Controls Over Financial Reporting	No	Reissued as Finding 2009-1
2008-2	Noncompliance – Expenditures in Excess of Appropriation	Yes	
2008-3	Noncompliance – Amended Certificates	Yes	
2008-4	Noncompliance – Negative Fund Balances	Yes	
2008-5	Noncompliance – Filing of Annual Report	No	Reissued as Finding 2009-2

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Dave Yost • Auditor of State

ALLEN COUNTY

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
MAY 19, 2011