ALLEN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

ALLEN COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Allen County
301 North Main Street
Lima, Ohio 45801

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component unit LODDI, Inc. which represents 25 percent, 30 percent, and 8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for LODDI, Inc., is based solely on the report of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of the component unit LODDI, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards.*

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2018, and the respective changes in its financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on this information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2019

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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, 2018. The intent of this discussion and analysis is to look at the County's financial performance as a whole.

Highlights

In total, the County's net position increased almost 8 percent; 14 percent increase for governmental activities and less than 1 percent decrease for the business-type activity.

Using this Annual Report

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

The statement of net position and the statement of activities provide information about the activities of the County as a whole, presenting both an aggregate and a longer-term view of the County.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the County's most significant funds individually and the County's non-major funds in a single column. The County's major funds are the General Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services special revenue funds, the Juvenile Detention Center and Ditch Construction capital projects funds, and the Sewer enterprise fund.

Reporting the County as a Whole

The statement of net position and the statement of activities reflect how the County did financially during 2018. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the County is divided into three distinct types of activities.

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

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

Component Units - The County's financial statements include financial information for LODDI (Living Options for Developmentally Disabled Individuals) and the Allen County Land Reutilization Corporation (Land Bank). These component units are more fully described in Note 1 to the basic financial statements.

Reporting the County's Most Significant Funds

Fund financial statements provide detailed information about the County's major funds, the General Fund, the Motor Vehicle and Gasoline Tax, Job and Family Services, Developmental Disabilities, and Children Services special revenue funds, the Juvenile Detention Center and Ditch Construction capital projects funds, and the Sewer enterprise fund. While the County uses many funds to account for its financial transactions, these are the most significant.

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

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

Proprietary Fund - The County's proprietary fund consists of one enterprise fund. Enterprise funds use the accrual basis of accounting and are used to report the same functions presented as the business-type activity on the government-wide financial statements.

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

Allen County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Government-Wide Financial Analysis

Table 1 provides a summary of the County's net position for 2018 and 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$68,307,032	$66,079,065	$7,455,798	$6,750,723	$75,762,830	$72,829,788
Net Pension Asset	273,344	0	13,499	0	286,843	0
Net OPEB Asset	52,977	0	0	0	52,977	0
Capital Assets, Net	70,699,669	64,499,268	46,399,229	48,043,517	117,098,898	112,542,785
Total Assets	139,333,022	130,578,333	53,868,526	54,794,240	193,201,548	185,372,573
Deferred Outflows of Resources						
Pension	9,117,098	21,438,345	438,865	1,109,922	9,555,963	22,548,267
OPEB	1,849,776	338,841	91,194	16,582	1,940,970	355,423
Total Deferred Outflow of Resources	10,966,874	21,777,186	530,059	1,126,504	11,496,933	22,903,690
Liabilities						
Current and Other Liabilities	3,449,581	3,061,155	296,334	319,961	3,745,915	3,381,116
Long-Term Liabilities						
Pension	37,191,114	56,175,232	1,800,803	2,909,037	38,991,917	59,084,269
OPEB	24,698,299	24,328,516	1,219,669	1,179,518	25,917,968	25,508,034
Other Amounts	10,111,549	11,380,454	19,496,951	20,317,686	29,608,500	31,698,140
Total Liabilities	75,450,543	94,945,357	22,813,757	24,726,202	98,264,300	119,671,559
Deferred Inflows of Resources						
Pension	11,203,992	2,478,103	501,229	81,982	11,705,221	2,560,085
OPEB	2,753,357	0	121,361	0	2,874,718	0
Other Amounts	11,759,287	11,728,493	0	0	11,759,287	11,728,493
Total Deferred Inflows of Resources	25,716,636	14,206,596	622,590	81,982	26,339,226	14,288,578
Net Position						
Net Investment in Capital Assets	63,126,759	56,304,858	27,147,708	27,863,045	90,274,467	84,167,903
Restricted	38,101,569	35,444,073	0	0	38,101,569	35,444,073
Unrestricted (Deficit)	(52,095,611)	(48,545,365)	3,814,530	3,249,515	(48,281,081)	(45,295,850)
Total Net Position	$49,132,717	$43,203,566	$30,962,238	$31,112,560	$80,094,955	$74,316,126

The net pension liability (asset) reported by the County at December 31, 2018, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For 2018, the County adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, end users of these financial statements will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability (asset), and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

As a result of implementing GASB Statement No. 75, the County is reporting a net OPEB liability and deferred outflows/inflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from $67,193,241 to $43,203,566 for governmental activities and from $32,275,496 to $31,112,560 for business-type activities.

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

Aside from the changes related to pension/OPEB, there were several other changes of significance for governmental activities. The increase in current and other assets (approximately 3 percent) was primarily due to an increase cash and cash equivalents. For 2018, there was a sizable decrease in expenses for governmental activities, primarily in the public safety and public works programs, which resulted in revenues outpacing expenses by $5.5 million and providing for additional cash resources on hand at year end. The increase in net capital assets is due to additions exceeding annual depreciation and most of those additions, with the exception of a new lease, being acquired without the addition of debt. Also note the increase in the net investment in capital assets. The decrease in other long-term liabilities represents scheduled debt retirement.

For the business-type activity, the increase in current and other assets was primarily due to a receivable from governmental funds for services provided to those funds. The decrease in net capital assets was due to annual depreciation. The decrease in other long-term liabilities represents scheduled debt retirement.

Table 2 reflects the change in net position for 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	$13,456,919	$14,513,539	$8,035,959	$8,049,261	$21,492,878	$22,562,800
Operating Grants, Contributions, and Interest	25,762,263	27,923,285	0	0	25,762,263	27,923,285
Capital Grants and Contributions	5,264,701	3,650,865	0	0	5,264,701	3,650,865
Total Program Revenues	44,483,883	46,087,689	8,035,959	8,049,261	52,519,842	54,136,950
General Revenues						
Property Taxes Levied for						
General Operations	2,900,538	2,901,739	0	0	2,900,538	2,901,739
Health-Developmental Disabilities	4,976,799	4,993,888	0	0	4,976,799	4,993,888
Human Services-Children Services	2,047,246	2,050,715	0	0	2,047,246	2,050,715
Debt Service	1,318,427	1,318,941	0	0	1,318,427	1,318,941
Permanent Improvement	495,946	434,247	0	0	495,946	434,247
Permissive Sales Taxes	16,999,446	17,020,833	0	0	16,999,446	17,020,833
Grants and Entitlements	3,100,937	3,848,585	0	0	3,100,937	3,848,585
Interest	808,135	568,865	95	133	808,230	568,998
Other	5,596,504	5,219,017	8,724	41,227	5,605,228	5,260,244
Total General Revenues	38,243,978	38,356,830	8,819	41,360	38,252,797	38,398,190
Total Revenues	82,727,861	84,444,519	8,044,778	8,090,621	90,772,639	92,535,140
Program Expenses						
General Government						
Legislative and Executive	12,350,679	13,107,280	0	0	12,350,679	13,107,280
Judicial	9,691,471	9,935,778	0	0	9,691,471	9,935,778
Public Safety	11,914,768	13,793,621	0	0	11,914,768	13,793,621
Public Works	10,669,493	14,749,833	0	0	10,669,493	14,749,833
Health						
Developmental Disabilities	10,475,564	11,156,960	0	0	10,475,564	11,156,960
Other Health	531,459	596,695	0	0	531,459	596,695
Human Services						
Job and Family Services	9,699,171	9,962,826	0	0	9,699,171	9,962,826
Children Services	6,232,193	6,699,215	0	0	6,232,193	6,699,215
Other Human Services	2,775,068	2,778,927	0	0	2,775,068	2,778,927
Conservation and Recreation	2,675,248	2,133,143	0	0	2,675,248	2,133,143
Interest and Fiscal Charges	190,684	216,159	0	0	190,684	216,159
Sewer	0	0	7,788,012	7,752,613	7,788,012	7,752,613
Total Expenses	77,205,798	85,130,437	7,788,012	7,752,613	84,993,810	92,883,050
Increase (Decrease) in Net Position Before Transfers	5,522,063	(685,918)	256,766	338,008	5,778,829	(347,910)
Transfers	407,088	39,627	(407,088)	(39,627)	0	0
Increase (Decrease) in Net Position	5,929,151	(646,291)	(150,322)	298,381	5,778,829	(347,910)
Net Position Beginning of Year	43,203,566	N/A	31,112,560	N/A	74,316,126	N/A
Net Position End of Year	$49,132,717	$43,203,566	$30,962,238	$31,112,560	$80,094,955	$74,316,126

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 program expenses still include OPEB expense of $355,423 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing pension expense equal to contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the 2018 financial statements report OPEB expense of $1,676,705. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2018 Program Expenses Under GASB Statement No. 75	$77,205,798	$7,788,012	$84,993,810
OPEB Expense Under GASB Statement No. 75	(1,588,366)	(88,339)	(1,676,705)
2018 Contractually Required Contribution	29,138	1,439	30,577
Adjusted 2018 Program Expenses	75,646,570	7,701,112	83,347,682
Total 2017 Program Expenses Under GASB Statement No. 45	(85,130,437)	(7,752,613)	(92,883,050)
Decrease in Program Expenses Not Related to OPEB	(9,483,867)	(51,501)	(9,535,368)

For governmental activities, there was a 3.5 percent decrease in program revenues. The decrease in charges for services is largely related to fewer ditch construction projects and less special assessments. The decrease in operating grants and contributions is related to resources received from the Department of Defense in the prior year for job loss associated with the defense industry. The increase in capital grants and contributions is related to grants from the Ohio Department of Youth Services for the detention center improvements as well as resources from the Ohio Public Works Commission and the Department of Agriculture for street and infrastructure improvements. The changes for general revenues were not significant. For expenses, there was an 11 percent decrease overall; however, these reductions were primarily in the public safety and public works programs. For the public safety program, this decrease is largely related to the work done in the prior year related to the Department of Defense grant (for job loss associated with the defense industry). A substantial portion of the decrease in the public works program is related to capital outlay expenditures for items that were not capitalized in 2017 (over $4.3 million). While there were also noncapitalized acquisitions in 2018, this was a much lower amount (approximately $2.3 million). An additional factor inflating the 2017 expenses was due to delinquent assessments that were written off, approximately $604,000.

For the business-type activity, there was very little change in either revenues or expenses. The overall change in net position was less than 1 percent.

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	
	2018	2017	2018	2017
General Government:				
Legislative and Executive	$12,350,679	$13,107,280	$8,057,580	$8,984,575
Judicial	9,691,471	9,935,778	2,145,545	5,055,776
Public Safety	11,914,768	13,793,621	10,379,306	11,082,513
Public Works	10,669,493	14,749,833	(869,901)	806,010
Health				
Developmental Disabilities	10,475,564	11,156,960	6,498,895	6,161,787
Other Health	531,459	596,695	123,590	180,126
Human Services				
Job and Family Services	9,699,171	9,962,826	1,329,389	2,047,774
Children Services	6,232,193	6,699,215	2,444,517	2,510,492
Other Human Services	2,775,068	2,778,927	930,772	1,020,637
Conservation and Recreation	2,675,248	2,133,143	1,491,538	976,899
Interest and Fiscal Charges	190,684	216,159	190,684	216,159
Total Expenses	$77,205,798	$85,130,437	$32,721,915	$39,042,748

The County's general revenues (primarily property and sales taxes and unrestricted grants and entitlements) supported 42 percent of the services provided by the County (46 percent in 2017). A review of the table above reveals that a number of the County's programs have consistently received substantial support through program revenues. For instance, 35 percent of the legislative and executive program costs were provided for through various charges for services. The judicial program provides for 78 percent of its costs through various fines, court costs, and grants. The public works program receives program revenues from motor vehicle license and gas taxes as well as from charges to other governmental entities for which the County Engineer provides services. Grants provide for a significant portion of the costs of the health and human services programs (Developmental Disabilities, Job and Family Services, and Children Services programs).

Governmental Funds Financial Analysis

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

Fund balance increased approximately $540,000 in the General Fund. Revenues and expenditures were comparable to the prior year with a very modest decrease in revenues and increase in expenditures.

There was an increase in fund balance in the Motor Vehicle and Gas Tax Fund. Revenues and expenditures had similar decreases. Revenues will fluctuate depending on grant resources available and expenditures will fluctuate dependent on road improvement projects undertaken.

Due to an increase in grant and entitlement funding, there was an increase in fund balance in the Job and Family Services Fund. Expenditures were similar to the prior year.

Revenues and expenditures were also similar to the prior year for the Developmental Disabilities Fund yet the fund was able to increase fund balance approximately $521,000.

There was a slight decrease in both revenues and expenditures in the Children Services Fund; however, the fund had a $346,000 increase in fund balance. Expenditures are based on client request/demand and limited to funding available.

Fund balance decreased significantly in the Juvenile Detention Center Fund as resources were spent on improvements.

Fund balance increased in the Ditch Construction Fund as special assessment collections exceeded ditch maintenance needs in 2018.

Business-Type Activities Financial Analysis

As can be seen on the statement of revenues, expenses, and change in fund net position, the Sewer Fund had an operating income for 2018 yet a decrease in net position due to resources transferred to other governmental funds for debt retirement and for construction activities.

Budgetary Highlights

The County prepares an annual budget of revenues and expenditures/expenses for all funds of the County for use by County officials and department heads and such other budgetary documents as are required by State statute, including the annual appropriations resolution which is effective the first day of January. The County's most significant budgeted fund is the General Fund. For revenues, changes from the original budget to the final budget were not significant. The increase from the final budget to actual revenues was due to improved sales taxes revenue performance, charges for services, and interest earnings. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were less than the final budget primarily due to budgeting conservatively for general government activities.

Capital Assets and Debt Administration

Capital Assets - The County's net investment in capital assets for governmental and business-type activities as of December 31, 2018, was $63,126,759 and $27,147,708, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included completing the courthouse renovations and restoration of the clock tower, upgrading the wifi in the entire building, equipment replacement, sixteen new vehicles, and road and bridge improvements. Disposals were primarily vehicle replacement.

For the business-type activity, additions were primarily equipment replacement and sewer mains, and pump stations. There were no disposals.

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

Debt - At December 31, 2018, the County had $86,595 in special assessment notes, $145,753 in general obligation bonds, $879,849 in special assessment bonds, $1,755,973 in OPWC loans, and $3,390,058 in OWDA loans payable from governmental activities. The business-type activity had $19,137,755 in OWDA loans outstanding at year end.

In addition to the debt outlined above, the County's long-term obligations also include the net pension/OPEB liability, capital loans, capital leases, and compensated absences. For additional information on the County's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

Current Issues

The unemployment rate for the County remains fairly consistent. The unemployment rate was 4.7 percent as of December 2018, compared to 4.4 percent at December 2017, and 5 percent at December 31, 2016.

The Allen County Commissioners and elected officials have continued monitoring the budget closely and have been diligent in keeping expenditures in line with revenues. In 2018, there was a slight decrease in sales tax revenue from 2017, likely due to the loss of the Medicaid Managed Care Organization sales tax. Sales tax revenue supports our General Fund significantly.

The County Commissioners put a .2 percent sales tax levy on the May 2018 ballot. The funds would have been used strictly for capital projects and road and bridge projects; however, the levy did not pass. The County Commissioners will have to borrow money to make necessary repairs.

Construction is nearing completion on a new Juvenile Court facility with occupancy slated for August 2019. The next phase of construction under discussion includes necessary updates to the Allen County Courthouse.

Discussions have continued to create additional discretionary funds for the next 27-day pay and new capital funds for specific capital projects.

Request for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial status. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Rachael Gilroy, Allen County Auditor, 301 North Main Street, Lima, Ohio 45801 or by visiting the County's website at www.allencountyohio.com.

Allen County, Ohio
Statement of Net Position
Primary Government and Discreteley Presented Component Units
December 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
Assets					
Equity in Pooled Cash and Cash Equivalents	$35,852,452	$4,209,221	$40,061,673	$0	$0
Cash and Cash Equivalents in Segregated Accounts	540,618	0	540,618	87,375	19,433
Cash and Cash Equivalents with Escrow Agent	114,993	0	114,993	0	0
Investments in Segregated Accounts	0	0	0	45,463	0
Accounts Receivable	224,046	2,968,282	3,192,328	0	278,030
Accrued Interest Receivable	124,787	0	124,787	0	0
Permissive Sales Taxes Receivable	4,609,227	0	4,609,227	0	0
Permissive Motor Vehicle License Taxes Receivable	49,460	0	49,460	0	0
Other Local Taxes Receivable	86,854	0	86,854	0	0
Due from Other Governments	9,512,357	421	9,512,778	0	0
Prepaid Items	450,669	16,138	466,807	13,155	0
Materials and Supplies Inventory	596,946	66,013	662,959	0	0
Property Held for Resale	0	0	0	0	3,028,452
Internal Balances	(195,723)	195,723	0	0	0
Property Taxes Receivable	12,488,201	0	12,488,201	0	0
Notes Receivable	844,380	0	844,380	0	0
Special Assessments Receivable	3,007,765	0	3,007,765	0	0
Other Assets	0	0	0	0	4,125
Net Pension Asset	273,344	13,499	286,843	0	0
Net OPEB Asset	52,977	0	52,977	0	0
Nondepreciable Capital Assets	10,729,347	51,219	10,780,566	136,548	0
Depreciable Capital Assets, Net	59,970,322	46,348,010	106,318,332	813,899	0
Total Assets	139,333,022	53,868,526	193,201,548	1,096,440	3,330,040
Deferred Outflows of Resources					
Pension	9,117,098	438,865	9,555,963	0	0
OPEB	1,849,776	91,194	1,940,970	0	0
Total Deferred Outflows of Resources	10,966,874	530,059	11,496,933	0	0
Liabilities					
Accrued Wages Payable	945,331	51,502	996,833	0	0
Accounts Payable	564,650	175,307	739,957	295	177,378
Contracts Payable	671,390	0	671,390	0	0
Due to Other Governments	1,003,222	69,525	1,072,747	0	0
Retainage Payable	246,626	0	246,626	0	0
Accrued Interest Payable	18,362	0	18,362	0	0
Loan Payable	0	0	0	0	104,597
Other Liabilities	0	0	0	0	487,732
Long-Term Liabilities:					
Due Within One Year	2,182,110	813,207	2,995,317	0	0
Due in More Than One Year	7,929,439	18,683,744	26,613,183	0	0
Net Pension Liability	37,191,114	1,800,803	38,991,917	0	0
Net OPEB Liability	24,698,299	1,219,669	25,917,968	0	0
Total Liabilities	75,450,543	22,813,757	98,264,300	295	769,707
Deferred Inflows of Resources					
Property Taxes	11,759,287	0	11,759,287	0	0
Pension	11,203,992	501,229	11,705,221	0	0
OPEB	2,753,357	121,361	2,874,718	0	0
Other	0	0	0	0	200
Total Deferred Inflows of Resources	25,716,636	622,590	26,339,226	0	200

(continued)

Allen County, Ohio
Statement of Net Position
Primary Government and Discreteley Presented Component Units
December 31, 2018
(continued)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
Net Position					
Net Investment in Capital Assets	$63,126,759	$27,147,708	$90,274,467	$950,447	$0
Restricted for:					
Debt Service	2,839,564	0	2,839,564	0	0
Capital Projects	4,077,747	0	4,077,747	0	0
Public Works	3,706,552	0	3,706,552	0	0
Developmental Disabilities	9,699,520	0	9,699,520	0	0
Job and Family Services	1,804,265	0	1,804,265	0	0
Children Services	3,144,487	0	3,144,487	0	0
Real Estate Assessment	2,614,739	0	2,614,739	0	0
Revolving Loan	2,126,662	0	2,126,662	0	0
Ditch Maintenance	2,452,297	0	2,452,297	0	0
Other Purposes	5,635,736	0	5,635,736	0	0
Unrestricted (Deficit)	(52,095,611)	3,814,530	(48,281,081)	145,698	2,560,133
Total Net Position	$49,132,717	$30,962,238	$80,094,955	$1,096,145	$2,560,133

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Activities
Primary Government and Discretely Presented Component Units
For the Year Ended December 31, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	$12,350,679	$4,275,214	$17,885	$0
Judicial	9,691,471	2,035,739	2,748,321	2,761,866
Public Safety	11,914,768	875,947	659,515	0
Public Works	10,669,493	4,035,945	5,000,614	2,502,835
Health				
Developmental Disabilities	10,475,564	164,121	3,812,548	0
Other Health	531,459	407,869	0	0
Human Services				
Job and Family Services	9,699,171	15	8,369,767	0
Children Services	6,232,193	145,445	3,642,231	0
Other Human Services	2,775,068	432,914	1,411,382	0
Conservation and Recreation	2,675,248	1,083,710	100,000	0
Interest and Fiscal Charges	190,684	0	0	0
Total Governmental Activities	77,205,798	13,456,919	25,762,263	5,264,701
Business-Type Activity				
Sewer	7,788,012	8,035,959	0	0
Total Primary Government	$84,993,810	$21,492,878	$25,762,263	$5,264,701
Component Unit				
LODDI	201,362	126,562	0	0
Land Bank	463,417	0	1,478,282	0
	$664,779	$126,562	$1,478,282	$0

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activity	Total	LODDI	Land Bank
($8,057,580)	$0	($8,057,580)	$0	$0
(2,145,545)	0	(2,145,545)	0	0
(10,379,306)	0	(10,379,306)	0	0
869,901	0	869,901	0	0
(6,498,895)	0	(6,498,895)	0	0
(123,590)	0	(123,590)	0	0
(1,329,389)	0	(1,329,389)	0	0
(2,444,517)	0	(2,444,517)	0	0
(930,772)	0	(930,772)	0	0
(1,491,538)	0	(1,491,538)	0	0
(190,684)	0	(190,684)	0	0
(32,721,915)	0	(32,721,915)	0	0
0	247,947	247,947	0	0
(32,721,915)	247,947	(32,473,968)	0	0
0	0	0	(74,800)	0
0	0	0	0	1,014,865
0	0	0	(74,800)	1,014,865
2,900,538	0	2,900,538	0	0
4,976,799	0	4,976,799	0	0
2,047,246	0	2,047,246	0	0
1,318,427	0	1,318,427	0	0
495,946	0	495,946	0	0
16,999,446	0	16,999,446	0	0
3,100,937	0	3,100,937	0	160,089
808,135	95	808,230	(1,163)	0
0	0	0	4,200	0
5,596,504	8,724	5,605,228	23,631	130,787
38,243,978	8,819	38,252,797	26,668	290,876
407,088	(407,088)	0	0	0
38,651,066	(398,269)	38,252,797	26,668	290,876
5,929,151	(150,322)	5,778,829	(48,132)	1,305,741
43,203,566	31,112,560	74,316,126	1,144,277	1,254,392
$49,132,717	$30,962,238	$80,094,955	$1,096,145	$2,560,133

Allen County, Ohio
Balance Sheet
Governmental Funds
December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Assets				
Equity in Pooled Cash and Cash Equivalents	$2,773,161	$1,000,139	$1,859,102	$9,688,536
Cash and Cash Equivalents in Segregated Accounts	5,328	0	0	0
Accounts Receivable	26,224	50	0	5,924
Accrued Interest Receivable	124,787	0	0	0
Permissive Sales Taxes Receivable	4,435,920	0	0	0
Permissive Motor Vehicle License Taxes Receivable	0	49,460	0	0
Other Local Taxes Receivable	0	0	0	0
Due from Other Governments	823,783	2,551,064	556,425	796,277
Prepaid Items	283,771	22,107	40,026	43,482
Materials and Supplies Inventory	70,438	436,675	23,353	62,305
Interfund Receivable	8,172,000	11,304	0	1,196
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	195,076	0	0	0
Cash and Cash Equivalents with Escrow Agent	0	0	0	0
Property Taxes Receivable	3,112,736	0	0	5,287,741
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	$20,023,224	$4,070,799	$2,478,906	$15,885,461
Liabilities				
Accrued Wages Payable	$418,959	$71,670	$115,823	$128,413
Accounts Payable	167,250	11,670	101,372	43,934
Contracts Payable	0	0	0	0
Due to Other Governments	277,766	37,233	64,649	511,479
Interfund Payable	367	22,107	78,447	43,482
Retainage Payable	0	0	0	0
Total Liabilities	864,342	142,680	360,291	727,308
Deferred Inflows of Resources				
Property Taxes Receivable	2,950,208	0	0	4,947,909
Unavailable Revenue	4,278,932	2,117,530	436,295	1,019,215
Total Deferred Inflows of Resources	7,229,140	2,117,530	436,295	5,967,124
Fund Balance				
Nonspendable	5,339,206	458,782	63,379	105,787
Restricted	0	1,351,807	1,618,941	9,085,242
Assigned	5,759,662	0	0	0
Unassigned (Deficit)	830,874	0	0	0
Total Fund Balance (Deficit)	11,929,742	1,810,589	1,682,320	9,191,029
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$20,023,224	$4,070,799	$2,478,906	$15,885,461

See Accompanying Notes to the Basic Financial Statements

Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental	Total
$2,449,748	$1,852,075	$389,833	$15,644,782	$35,657,376
20,967	0	0	514,323	540,618
0	0	0	191,848	224,046
0	0	0	0	124,787
0	0	0	173,307	4,609,227
0	0	0	0	49,460
0	0	0	86,854	86,854
1,174,392	1,764,213	0	1,846,203	9,512,357
23,839	0	0	37,444	450,669
4,175	0	0	0	596,946
12,425	0	0	251,653	8,448,578
0	0	0	0	195,076
0	114,993	0	0	114,993
2,176,895	0	0	1,910,829	12,488,201
0	0	0	844,380	844,380
0	0	1,111,426	1,896,339	3,007,765
$5,862,441	$3,731,281	$1,501,259	$23,397,962	$76,951,333
$80,026	$0	$0	$130,440	$945,331
117,654	0	0	122,770	564,650
0	500,132	0	171,258	671,390
39,544	0	0	72,551	1,003,222
74,633	5,000,000	1,829,458	1,595,807	8,644,301
0	114,993	0	131,633	246,626
311,857	5,615,125	1,829,458	2,224,459	12,075,520
2,053,768	0	0	1,807,402	11,759,287
1,142,057	1,764,213	1,111,426	3,825,343	15,695,011
3,195,825	1,764,213	1,111,426	5,632,745	27,454,298
28,014	0	0	37,444	6,032,612
2,326,745	0	0	16,064,033	30,446,768
0	0	0	4,813	5,764,475
0	(3,648,057)	(1,439,625)	(565,532)	(4,822,340)
2,354,759	(3,648,057)	(1,439,625)	15,540,758	37,421,515
$5,862,441	$3,731,281	$1,501,259	$23,397,962	$76,951,333

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Allen County, Ohio
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balance		$37,421,515
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		70,699,669
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	124,627	
Accrued Interest Receivable	109,639	
Permissive Sales Taxes Receivable	3,180,881	
Due from Other Governments	8,336,297	
Other Local Taxe Receivable	38,200	
Interfund Receivable	168,688	
Deliquent Property Taxes Receivable	728,914	
Special Assessments Receivable	3,007,765	
		15,695,011
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Special Assessment Notes Payable	(86,595)	
General Obligation Bonds Payable	(145,753)	
Special Assessment Bonds Payable	(879,849)	
OPWC Loans Payable	(1,755,973)	
OWDA Loans Payable	(3,390,058)	
Capital Loans Payable	(673,542)	
Capital Leases Payable	(52,722)	
Compensated Absences Payable	(3,127,057)	
		(10,111,549)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(18,362)
The net pension/OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	273,344	
Net OPEB Asset	52,977	
Deferred Outflows - Pension	9,117,098	
Deferred Inflows - Pension	(11,203,992)	
Net Pension Liability	(37,191,114)	
Deferred Outflows - OPEB	1,849,776	
Deferred Inflows - OPEB	(2,753,357)	
Net OPEB Liability	(24,698,299)	
		(64,553,567)
Net Position of Governmental Activities		$49,132,717

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Revenues				
Property Taxes	$2,915,728	$0	$0	$5,008,560
Permissive Sales Taxes	16,262,332	0	0	0
Permissive Motor Vehicle License Taxes	0	384,417	0	0
Other Local Taxes	0	0	0	0
Charges for Services	4,796,730	796,065	15	168,427
Licenses and Permits	6,024	8,580	0	0
Fines and Forfeitures	88,575	162,502	0	0
Intergovernmental	1,855,764	5,427,995	8,213,122	4,403,927
Special Assessments	0	0	0	0
Interest	769,276	4,087	0	394
Gifts and Donations	0	0	0	0
Other	1,444,408	158,032	931,072	1,044,316
Total Revenues	28,138,837	6,941,678	9,144,209	10,625,624
Expenditures				
Current:				
General Government:				
Legislative and Executive	9,931,216	0	0	0
Judicial	6,370,179	0	0	0
Public Safety	9,388,901	0	0	0
Public Works	49,573	6,279,994	0	0
Health	207,614	0	0	10,104,196
Human Services	447,181	0	9,252,908	0
Conservation and Recreation	306,747	0	0	0
Other	188,166	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	48,583	245,610	0	0
Interest and Fiscal Charges	4,509	3,805	0	0
Total Expenditures	26,942,669	6,529,409	9,252,908	10,104,196
Excess of Revenues Over (Under) Expenditures	1,196,168	412,269	(108,699)	521,428
Other Financing Sources (Uses)				
Capital Loan Issued	0	0	0	0
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	371,830	0
Transfers Out	(656,238)	0	0	0
Total Other Financing Sources (Uses)	(656,238)	0	371,830	0
Changes in Fund Balance	539,930	412,269	263,131	521,428
Fund Balance (Deficit) Beginning of Year	11,389,812	1,398,320	1,419,189	8,669,601
Fund Balance (Deficit) End of Year	$11,929,742	$1,810,589	$1,682,320	$9,191,029

See Accompanying Notes to the Basic Financial Statements

Children Services	Juvenile Detention Center	Ditch Costruction	Other Governmental	Total
$2,058,754	$0	$0	$1,824,039	$11,807,081
0	0	0	693,226	16,955,558
0	0	0	0	384,417
0	0	0	735,406	735,406
145,445	0	0	3,395,882	9,302,564
0	0	0	554,533	569,137
0	0	0	39,138	290,215
3,681,968	1,056,597	0	8,802,627	33,442,000
0	0	867,962	1,230,553	2,098,515
0	0	0	6,024	779,781
0	0	0	18,166	18,166
300,864	0	9,006	1,674,071	5,561,769
6,187,031	1,056,597	876,968	18,973,665	81,944,609
0	0	0	1,283,570	11,214,786
0	0	0	2,660,033	9,030,212
0	0	0	1,606,908	10,995,809
0	0	0	1,546,500	7,876,067
0	0	0	318,535	10,630,345
5,843,220	0	0	2,160,240	17,703,549
0	0	0	2,100,673	2,407,420
0	0	0	0	188,166
0	4,475,210	177,801	5,165,957	9,818,968
0	0	50,000	1,590,461	1,934,654
0	0	72,065	108,420	188,799
5,843,220	4,475,210	299,866	18,541,297	81,988,775
343,811	(3,418,613)	577,102	432,368	(44,166)
0	0	0	673,542	673,542
2,509	0	0	0	2,509
0	0	0	1,464,240	1,836,070
0	(241,194)	0	(531,550)	(1,428,982)
2,509	(241,194)	0	1,606,232	1,083,139
346,320	(3,659,807)	577,102	2,038,600	1,038,973
2,008,439	11,750	(2,016,727)	13,502,158	36,382,542
$2,354,759	($3,648,057)	($1,439,625)	$15,540,758	$37,421,515

Allen County, Ohio
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2018

Changes in Fund Balance - Total Governmental Funds		$1,038,973
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.		
Capital Outlay - Nondepreciable Capital Assets	6,898,408	
Capital Outlay - Depreciable Capital Assets	3,379,402	
Depreciation	(4,048,863)	
		6,228,947
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.		
Proceeds from Sale of Capital Assets	(2,509)	
Gain on Disposal of Capital Assets	2,509	
Loss on Disposal of Capital Assets	(28,546)	
		(28,546)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Deliquent Property Taxes	(68,125)	
Permissive Sales Taxes	43,888	
Other Local Taxes	(52)	
Charges for Services	266,335	
Licenses and Permits	(1,037)	
Intergovernmental	657,230	
Special Assessments	(188,581)	
Interest	38,859	
Other	32,226	
		780,743
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
Special Assessment Notes Payable	50,000	
General Obligation Bonds Payable	1,043,583	
Special Assessment Bonds Payable	306,460	
OPWC Loans Payable	159,230	
OWDA Loans Payable	289,001	
Capital Leases Payable	86,380	
		1,934,654
Debt proceeds are other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position.		
Capital Loans		(673,542)

(continued)

Allen County, Ohio
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2018
(continued)

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.		
Accrued Interest Payable	($10,969)	
Amortization of Premium	9,084	
		(1,885)
Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,291)
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense on the statement of activities.		
Pension Expense	(6,386,405)	
OPEB Expense	(1,706,280)	
		(8,092,685)
Contractually required pension contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		
Contractually Required Contributions - Pension	4,596,731	
Contractually Required Contributions - OPEB	147,052	
		4,743,783
Change in Net Position of Governmental Activities		$5,929,151

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, 2018

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	$2,808,000	$2,808,000	$2,933,567	$125,567
Permissive Sales Taxes	15,500,000	15,500,000	16,109,478	609,478
Charges for Services	4,246,964	4,406,964	4,871,656	464,692
Licenses and Permits	5,930	5,930	6,024	94
Fines and Forfeitures	90,000	90,000	85,725	(4,275)
Intergovernmental	1,672,994	1,672,994	1,705,398	32,404
Interest	650,000	650,000	943,938	293,938
Other	699,663	771,663	1,008,526	236,863
Total Revenues	25,673,551	25,905,551	27,664,312	1,758,761
Expenditures				
Current:				
General Government:				
Legislative and Executive	10,431,859	10,831,085	10,009,710	821,375
Judicial	7,191,789	6,853,043	6,526,227	326,816
Public Safety	9,169,927	9,438,253	9,332,168	106,085
Public Works	53,350	53,350	53,350	0
Health	206,603	211,027	209,712	1,315
Human Services	694,251	696,991	461,340	235,651
Conservation and Recreation	298,766	307,078	305,752	1,326
Other	0	0	188,166	(188,166)
Debt Service:				
Principal Retirement	48,583	48,583	48,583	0
Interest and Fiscal Charges	3,948	4,509	4,509	0
Total Expenditures	28,099,076	28,443,919	27,139,517	1,304,402
Excess of Revenues Over (Under) Expenditures	(2,425,525)	(2,538,368)	524,795	3,063,163
Other Financing Sources (Uses)				
Other Financing Sources	87,000	87,000	441,080	354,080
Advances In	6,650	6,650	3,341,784	3,335,134
Advances Out	(95,000)	(95,000)	(5,750,000)	(5,655,000)
Transfers In	804,000	804,000	0	(804,000)
Transfers Out	(616,020)	(656,238)	(656,238)	0
Total Other Financing Sources (Uses)	186,630	146,412	(2,623,374)	(2,769,786)
Changes in Fund Balance	(2,238,895)	(2,391,956)	(2,098,579)	293,377
Fund Balance Beginning of Year	3,980,544	3,980,544	3,980,544	0
Prior Year Encumbrances Appropriated	58,108	58,108	58,108	0
Fund Balance End of Year	$1,799,757	$1,646,696	$1,940,073	$293,377

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Permissive Motor Vehicle License Taxes	$35,000	$350,000	$360,923	$10,923
Charges for Services	643,000	643,000	761,503	118,503
Licenses and Permits	12,000	12,000	8,580	(3,420)
Fines and Forfeitures	170,000	170,000	162,502	(7,498)
Intergovernmental	4,970,000	5,219,806	5,399,206	179,400
Interest	1,000	1,000	2,607	1,607
Total Revenues	5,831,000	6,395,806	6,695,321	299,515
Expenditures				
Current:				
Public Works	5,986,266	7,209,034	6,955,364	253,670
Debt Service:				
Principal Retirement	187,804	223,473	159,230	64,243
Total Expenditures	6,174,070	7,432,507	7,114,594	317,913
Excess of Revenues Under Expenditures	(343,070)	(1,036,701)	(419,273)	617,428
Other Financing Sources				
Other Financing Sources	70,000	70,000	158,032	88,032
Advances In	525,000	525,000	0	(525,000)
Total Other Financing Sources	595,000	595,000	158,032	(436,968)
Changes in Fund Balance	251,930	(441,701)	(261,241)	180,460
Fund Balance Beginning of Year	806,544	806,544	806,544	0
Prior Year Encumbrances Appropriated	5,000	5,000	5,000	0
Fund Balance End of Year	$1,063,474	$369,843	$550,303	$180,460

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Job and Family Services Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Charges for Services	$500	$500	$15	($485)
Intergovernmental	9,157,704	9,157,704	8,203,630	(954,074)
Total Revenues	9,158,204	9,158,204	8,203,645	(954,559)
Expenditures				
Current:				
Human Services	12,065,260	11,839,793	10,266,421	1,573,372
Excess of Revenues Under Expenditures	(2,907,056)	(2,681,589)	(2,062,776)	618,813
Other Financing Sources				
Other Financing Sources	995,100	995,100	930,154	(64,946)
Transfers In	372,050	371,830	371,830	0
Total Other Financing Sources	1,367,150	1,366,930	1,301,984	(64,946)
Changes in Fund Balance	(1,539,906)	(1,314,659)	(760,792)	553,867
Fund Balance Beginning of Year	247,738	247,738	247,738	0
Prior Year Encumbrances Appropriated	1,292,168	1,292,168	1,292,168	0
Fund Balance End of Year	$0	$225,247	$779,114	$553,867

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Developmental Disabilities Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	$5,338,226	$5,338,226	$5,045,861	($292,365)
Charges for Services	181,389	181,389	182,808	1,419
Intergovernmental	4,084,842	4,084,842	4,342,710	257,868
Interest	160	160	249	89
Other	169,037	169,037	204,886	35,849
Total Revenues	9,773,654	9,773,654	9,776,514	2,860
Expenditures				
Current:				
Health	11,981,416	18,581,213	10,040,341	8,540,872
Excess of Revenues Under Expenditures	(2,207,762)	(8,807,559)	(263,827)	8,543,732
Other Financing Sources				
Other Financing Sources	647,501	647,501	843,967	196,466
Changes in Fund Balance	(1,560,261)	(8,160,058)	580,140	8,740,198
Fund Balance Beginning of Year	8,512,883	8,512,883	8,512,883	0
Fund Balance End of Year	$6,952,622	$352,825	$9,093,023	$8,740,198

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
Children Services Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$2,435,381	$2,435,381	$2,072,268	($363,113)
Charges for Services	138,000	138,000	145,547	7,547
Intergovernmental	4,033,616	4,033,616	3,715,278	(318,338)
Total Revenues	6,606,997	6,606,997	5,933,093	(673,904)
Expenditures				
Current:				
Human Services	6,896,430	6,896,430	5,795,097	1,101,333
Excess of Revenues Over (Under) Expenditures	(289,433)	(289,433)	137,996	427,429
Other Financing Sources				
Other Financing Sources	251,747	251,747	300,864	49,117
Sale of Capital Assets	0	0	2,509	2,509
Total Other Financing Sources	251,747	251,747	303,373	51,626
Changes in Fund Balance	(37,686)	(37,686)	441,369	479,055
Fund Balance Beginning of Year	1,914,198	1,914,198	1,914,198	0
Fund Balance End of Year	$1,876,512	$1,876,512	$2,355,567	$479,055

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2018

	Sewer
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$4,209,221
Accounts Receivable	2,968,282
Due from Other Governments	421
Prepaid Items	16,138
Materials and Supplies Inventory	66,013
Interfund Receivable	570,150
Total Current Assets	7,830,225
Non-Current Assets	
Net Pension Asset	13,499
Nondepreciable Capital Assets	51,219
Depreciable Capital Assets, Net	46,348,010
Total Non-Current Assets	46,412,728
Total Assets	54,242,953
Deferred Outflows of Resources	
Pension	438,865
OPEB	91,194
Total Deferred Outflows of Resources	530,059
Liabilities	
Current Liabilities	
Accrued Wages Payable	51,502
Accounts Payable	175,307
Due to Other Governments	69,525
Interfund Payable	374,427
OWDA Loans Payable	649,467
Capital Leases Payable	56,102
Compensated Absences Payable	107,638
Total Current Liabilities	1,483,968
Non-Current Liabilities	
OWDA Loans Payable	18,488,288
Capital Leases Payable	57,664
Net Pension Liability	1,800,803
Net OPEB Liability	1,219,669
Compensated Absences Payable	137,792
Total Non-Current Liabilities	21,704,216
Total Liabilities	23,188,184
Deferred Inflows of Resources	
Pension	501,229
OPEB	121,361
Total Deferred Inflows of Resources	622,590
Net Position	
Net Investment in Capital Assets	27,147,708
Unrestricted	3,814,530
Total Net Position	$30,962,238

See Accompanying Notes to the Basic Financial Statements

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Allen County, Ohio
Statement of Revenues, Expenses,
and Change in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2018

	Sewer
Operating Revenues	
Charges for Services	$7,958,488
Licenses, Permits, and Inspections	77,471
Other	8,724
Total Operating Revenues	8,044,683
Operating Expenses	
Personal Services	2,383,308
Materials and Supplies	332,980
Contractual Services	2,141,241
Other	24,341
Depreciation	2,329,588
Total Operating Expenses	7,211,458
Operating Income	833,225
Non-Operating Revenues (Expenses)	
Interest Revenue	95
Interest Expense	(576,554)
Total Non-Operating Revenues (Expenses)	(576,459)
Income before Transfers	256,766
Transfers Out	(407,088)
Change in Net Position	(150,322)
Net Position Beginning of Year - Restated (Note 3)	31,112,560
Net Position End of Year	$30,962,238

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2018

	Sewer
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$8,070,992
Cash Payments for Personal Services	(2,306,779)
Cash Payments to Suppliers	(682,619)
Cash Payments for Contractual Services	(1,712,821)
Cash Received from Other Revenues	8,724
Cash Payments for Other Expenses	(24,341)
Net Cash Provided by Operating Activities	3,353,156
Cash Flows from Noncapital Financing Activities	
Cash Received from Advances In	13,925
Cash Payments for Advances Out	(685,429)
Cash Payments for Transfers Out	(295,200)
Net Cash Used for Noncapital Financing Activities	(966,704)
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	(404,583)
Principal Paid on Bond Anticipation Notes	(85,714)
Interest Paid on Bond Anticipation Notes	(888)
Principal Paid on OWDA Loans	(1,062,920)
Interest Paid on OWDA Loans	(571,278)
Lease Principal	(166,951)
Lease Interest	(4,691)
Net Cash Used for Capital and Related Financing Activities	(2,297,025)
Cash Flows from Investing Activities	
Interest	95
Net Increase in Cash and Cash Equivalents	89,522
Cash and Cash Equivalents Beginning of Year	4,119,699
Cash and Cash Equivalents End of Year	$4,209,221

(continued)

	Sewer
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$833,225
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	2,329,588
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	31,663
Increase in Due from Other Governments	(421)
Decrease in Prepaid Items	779
Increase in Materials and Supplies Inventory	(6,798)
Decrease in Interfund Receivable	3,791
Increase in Net Pension Asset	(7,997)
Increase in Accrued Wages Payable	3,315
Increase in Accounts Payable	111,401
Decrease in Contracts Payable	(15,000)
Decrease in Due to Other Governments	(31,355)
Increase in Interfund Payable	26,937
Decrease in Retainage Payable	(5,971)
Increase in Compensated Absences Payable	16,531
Decrease in Net Pension Liability	(160,489)
Decrease in Deferred Outflows - Pension	403,884
Decrease in Deferred Inflows - Pension	(266,827)
Increase in Net OPEB Liability	66,143
Decrease in Deferred Outflows - OPEB	58,055
Decrease in Deferred Inflows - OPEB	(37,298)
Total Adjustments	2,519,931
Net Cash Provided by Operating Activities	$3,353,156

Non-Cash Capital Transactions

During 2018, the Sewer enterprise fund entered into a capital lease, in the amount of $280,717.

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Investment Trust	Martha Mark Private Purpose Trust	Agency
Assets			
Equity in Pooled Cash and Cash Equivalents	$5,018,389	$12,596	$16,206,033
Cash and Cash Equivalents in Segregated Accounts	0	0	1,348,608
Due from Other Governments	0	0	4,126,598
Property Taxes Receivable	0	0	91,344,998
Special Assessments Receivable	0	0	14,858,127
Total Assets	5,018,389	12,596	$127,884,364
Liabilities			
Due to Other Governments	0	0	$115,130,220
Undistributed Assets	0	0	12,754,073
Deposits Held and Due to Others	0	0	71
Total Liabilities	0	0	$127,884,364
Net Position			
Held in Trust for External Pool Participants	$5,018,389	$0	
Held in Trust for the Benefit of Children	0	12,596	
Total Net Position	$5,018,389	$12,596	

See Accompanying Notes to the Basic Financial Statements

Allen County, Ohio
Statement of Change in Fiduciary Net Position
Investment Trust Fund
For the Year Ended December 31, 2018

Additions	
Interest	$53,741
Deductions	
Capital Transactions	(344,020)
Net Increase Resulting from Operations	397,761
Distributions to Participants	(47,091)
Change in Net Position	350,670
Net Position Beginning of Year	4,667,719
Net Position End of Year	$5,018,389

See Accompanying Notes to the Basic Financial Statements

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Note 1 - Reporting Entity

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

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

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

A. Primary Government

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

B. Component Units

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

Discretely Presented Component Unit

The component unit column on the government-wide financial statements identifies the financial data of the County's component units, LODDI and the Allen County Land Reutilization Corporation (Land Bank). They are reported separately to emphasize that they are legally separate from the County. Information about the component units is presented in Notes 27 and 28 to the basic financial statements.

Note 1 - Reporting Entity (continued)

LODDI - LODDI, Inc. (Living Options for Developmentally Disabled Individuals) is a legally separate non-profit organization served by a self-appointing board of trustees. LODDI was incorporated on December 1, 1992, to provide lifetime affordable housing to individuals in Allen County with developmental disabilities. Due to a significant portion of LODDI's income being received from the Allen County Board of DD and because the Allen County Board of DD assumes the responsibility for all debts of LODDI upon dissolution, LODDI is reflected as a component unit of Allen County. LODDI operates on a fiscal year ending December 31. Separately issued financial statements can be obtained from LODDI, 2500 Ada Road, Lima, Ohio 45801.

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

The Land Bank is governed by a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the City of Lima, and one representative selected by the statutory directors. The Board of Directors has the authority to make, prescribe, and enforce all rules and regulations for the conduct of all business and affairs of the Land Bank and the management and control of its properties. Because the County makes up and/or appoints a voting majority of the Board of Directors, the County is able to impose its will on the operation of the Land Bank and the relationship between the primary government and the organization is such that exclusion would cause the County's financial statements to be misleading. Separately issued financial statements can be obtained from the Allen County Land Reutilization Corporation, 301 North Main Street, Suite 203, Lima, Ohio 45801.

As custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate organizations listed below, the County serves as fiscal agent, but the organizations are not considered part of Allen County. The North Central Ohio Solid Waste District and the Johnny Appleseed Metropolitan Park District are reported as an investment trust fund since they represent the external portion of an investment pool. The remaining organizations are reported as 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 Treatment and Habilitation (WORTH) Center
Allen County Water District

Note 2 - Summary of Significant Accounting Policies

The County participates in several joint ventures, jointly governed organizations, insurance pools, and related organizations. These organizations are presented in Notes 23, 24, 25, and 26 to the basic financial statements. These organizations are:

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

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

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

Note 2 - Summary of Significant Accounting Policies

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

Proprietary Funds

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension 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 position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

The investment trust fund and private purpose trust fund are accounted for using a flow of economic resources measurement focus.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes accrued interest, permissive sales taxes, intergovernmental revenue including grants, other local taxes, interfund, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 23. Deferred inflows of resources related to pension and OPEB are reported on the government-wide and enterprise fund statements of net position and explained in Notes 15 and 16 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

F. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the County or by an escrow agent are recorded as “Cash and Cash Equivalents in Segregated Accounts”, and “Cash and Cash Equivalents with Escrow Agent”, respectively.

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

During 2018, the County invested in nonnegotiable and negotiable certificates of deposit, federal agency securities, mutual funds, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, “Certain External Investment Pools and Pool Participants”. The County measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million requiring the excess amount to be transacted the following business day(s) but only to the $100 million limit. All accounts of the participant will be combined for this purpose.

Interest earnings are allocated to County funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2018 was $769,276, which includes $702,605 assigned from other County funds.

Note 2 - Summary of Significant Accounting Policies (continued)

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, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The County maintains a capitalization threshold of ten thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. The County reports all infrastructure, including that acquired prior to 1980.

<u>Note 2 - Summary of Significant Accounting Policies</u> (continued)

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

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

<u>K. Interfund Assets/Liabilities</u>

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

<u>L. Compensated Absences</u>

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

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

<u>M. Accrued Liabilities and Long-Term Obligations</u>

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

Note 2 - Summary of Significant Accounting Policies (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, special assessment bonds, long-term notes and loans, capital loans, and capital leases are recognized as liabilities on the governmental fund financial statements when due. The net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient to pay those benefits.

N. Unamortized Bond Premium

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

O. Net Position

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

P. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

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

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Assigned - Amounts in the assigned classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners. Fund balance policy of the County Commissioners authorizes department managers to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The County Commissioners have also assigned fund balance to cover a gap between estimated resources and appropriations in the 2019 budget. Certain resources have also been assigned for auto titling, for the clerk of courts, and for other miscellaneous purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

Q. Operating Revenues and Expenses

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

Note 2 - Summary of Significant Accounting Policies (continued)

R. Interfund Transactions

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

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

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Estimates

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

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

For 2018, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, Statement No. 85, “Omnibus 2017”, Statement No. 89, “Accounting for Interest Costs Incurred Before the End of a Construction Period”, and related guidance from GASB Implementation Guide No. 2017-3, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For 2018, the County also implemented GASB Implementation Guide No. 2017-1. These changes were incorporated in the County’s 2018 financial statements; however, there was no effect on beginning net position/fund balance.

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

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The restatement for the implementation of GASB Statement No. 75, had the following effect on net position as previously reported at December 31, 2017.

	Governmental Activities	Sewer Fund/ Business-Type Activity
Net Position December 31, 2017	$67,193,241	$32,275,496
Net OPEB Liability	(24,328,516)	(1,179,518)
Deferred Outflows - Payment Subsequent to Measurement Date	338,841	16,582
Restated Net Position December 31, 2017	$43,203,566	$31,112,560

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred outflows/inflows of resources as the information needed to generate these restatements was not available.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 89 establishes accounting requirements for interest costs incurred before the end of a construction period. These changes were incorporated in the County's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability and Compliance

A. Accountability

At December 31, 2018, the Eastown Road debt service fund, and the Juvenile Detention Center, Ditch Construction, Water Projects, Sewer Projects, Slabtown Road, and Elida Road capital projects funds had a deficit fund balance, in the amount of $15, $3,648,057, $1,439,625, $13,394, $145,658, $274,834, and $131,631, respectfully, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

At December 31, 2018, the Department of Defense Community Assistance, Community Development, Doc Payroll Grant special revenue funds, the Eastown Road Debt Service debt service fund, and the Ditch Construction, Building and Expansion, Slabtown Road, Kill Road Improvement, and Elida Road capital projects funds had final appropriations in excess of estimated resources plus available balances, in the amount of $77,887, $98,970, $19,127, $43,991, $359,079, $1,393,356, $6,767, $380,000 and $2,255, respectively. The County will review appropriations to ensure they are within available resources.

Note 4 - Accountability and Compliance (continued)

For the year ended December 31, 2018, the following funds had expenditures plus encumbrances in excess of appropriations at the legal level of control:

Fund Type/Fund	Appropriations	Expenditures Plus Encumbrances	Excess
General Fund			
Other			
Unclaimed Funds	$0	$188,166	$188,166
Special Revenue			
Drug Law Enforcement	485,400	587,267	101,867
Debt Service			
Future Debt Service	0	26,433	26,433

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

Note 5 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Note 5 - Budgetary Basis of Accounting (continued)

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

Changes in Fund Balance

	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities	Children Services
GAAP Basis	$539,930	$412,269	$263,131	$521,428	$346,320
Increase (Decrease) Due To					
Revenue Accruals					
Accrued 2017, Received in Cash 2018	2,105,995	407,463	109,960	81,715	201,197
Accrued 2018, Not Yet Received in Cash	(1,692,536)	(494,348)	(120,130)	(124,014)	(167,887)
Expenditure Accruals					
Accrued 2017, Paid in Cash 2018	(997,356)	(189,227)	(354,801)	(310,041)	(267,568)
Accrued 2018, Not Yet Paid in Cash	864,342	142,680	360,291	727,308	311,857
Cash Adjustments					
Unrecorded Activity 2017	524,819	26,995	49,679	271,383	130,026
Unrecorded Activity 2018	(967,453)	(28,812)	(45,282)	(235,154)	(115,148)
Prepaid Items	18,601	456	1,222	4,304	1,995
Materials and Supplies Inventory	(18,396)	(117,693)	9,844	3,570	577
Advances In	3,341,784	0	0	0	0
Advances Out	(5,750,000)	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(68,309)	(421,024)	(1,034,706)	(360,359)	0
Budget Basis	($2,098,579)	($261,241)	($760,792)	$580,140	$441,369

Note 6 - Deposits and Investments

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

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

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

Note 6 - Deposits and Investments (continued)

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or its political subdivisions provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts in eligible institutions pursuant to Ohio Revised Code Section 135.32;

6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in division (1) or (2) above; commercial paper as described in Ohio Revised Code Section 135.143(6); and repurchase agreements secured by such obligations provided these investments are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;

9. Up to forty percent of the County's average portfolio in either of the following if training requirements have been met:
    a. commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed 10 percent of the value of the outstanding commercial paper of the issuing corporation, which mature within two hundred seventy days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate of 5 percent of interim monies available for investment at the time of purchase;
    b. bankers acceptances that are insured by the federal deposit insurance corporation and which mature not later than one hundred eighty days after purchase;

10. Up to 15 percent of the County's average portfolio in notes issued by United States corporations or by depository institutions that are doing business under authority granted by the United States provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

Note 6 - Deposits and Investments (continued)

11. A current unpaid or delinquent tax line of credit provided certain conditions are met related to a County land reutilization corporation organized under Ohio Revised Code Chapter 1724; and,

12. Up to 2 percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, all investments must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that they will be held to maturity.

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

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

Investments

As of December 31, 2018, the County had the following investments:

	Measurement	Investment Maturities (in Years)	
Measurement/Investment	Amount	Less Than 1	1-5
Fair Value (Level 1 Inputs)			
Mutual Funds	$819,447	$819,447	$0
Fair Value (Level 2 Inputs)			
Federal Home Loan Mortgage Corporation Notes	9,674,840	0	9,674,840
Federal Agriculture Mortgage Corporation Notes	1,357,834	1,357,834	0
Federal Home Loan Bank Notes	6,929,760	0	6,929,760
Federal National Mortgage Association Notes	2,491,600	0	2,491,600
Federal Farm Credit Bank Notes	497,895	497,895	0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	13,824,559	5,244,368	8,580,191
Net Asset Value Per Share			
STAR Ohio	13,989,984	13,989,984	0
Total Investments	$49,585,919	$21,909,528	$27,676,391

Note 6 - Deposits and Investments (continued)

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2018. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The County's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs). The negotiable certificates of deposit measured at fair value are valued using Level 3 inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County.

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and mutual funds carry a rating of Aaa by Moody's or AAA or AA+ by Standard and Poor's. The Federal Agriculture Mortgage Corporation Notes are not rated. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	$9,674,840	19.51%
Federal Agriculture Mortgage Corporation	1,357,834	2.74
Federal Home Loan Bank	6,929,760	13.98
Federal National Mortgage Association	2,491,600	5.02
Federal Farm Credit Bank	497,895	1.00
Negotiable Certificates of Deposit	13,824,559	27.88

Note 7 - Investment Pool

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

Condensed financial information for the investment pool is as follows:

Statement of Net Position
December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	$61,298,691
Accrued Interest Receivable	124,787
Total Assets	$61,423,478
Net Position Held in Trust for Pool Participants	
Internal Portion	$56,405,089
External Portion	5,018,389
Total Net Position Held in Trust for Pool Participants	$61,423,478

Statement of Changes in Net Position
December 31, 2018

Revenues	
Interest	$833,617
Expenses	
Operating Expenses	0
Net Increase Resulting from Operations	833,617
Distributions to Participants	(998,066)
Capital Transactions	5,369,631
Total Increase in Net Position	5,205,182
Net Position Beginning of Year	56,218,296
Net Position End of Year	$61,423,478

Note 7 - Investment Pool (continued)

Investments

As of December 31, 2018, the County's investment pool had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturities (in Years) Less Than 1	1-5
Fair Value (Level 1 Inputs)			
Mutual Funds	$819,447	$819,447	$0
Fair Value (Level 2 Inputs)			
Federal Home Loan Mortgage Corporation Notes	9,674,840	0	9,674,840
Federal Agriculture Mortgage Corporation Notes	1,357,834	1,357,834	0
Federal Home Loan Bank Notes	6,929,760	0	6,929,760
Federal National Mortgage Association Notes	2,491,600	0	2,491,600
Federal Farm Credit Bank Notes	497,895	497,895	0
Fair Value (Level 3 Inputs)			
Negotiable Certificates of Deposit	13,824,559	5,244,368	8,580,191
Net Asset Value Per Share			
STAR Ohio	13,989,984	13,989,984	0
Total Investments	$49,585,919	$21,909,528	$27,676,391

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2018. The mutual funds are measured at fair value using quoted market prices (Level 1 inputs). The County's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/ dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs). The negotiable certificates of deposit measured at fair value are valued using Level 3 inputs.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the County.

Note 7 - Investment Pool (continued)

The negotiable certificates of deposit are generally covered by FDIC insurance. The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and mutual funds carry a rating of Aaa by Moody's or AAA or AA+ by Standard and Poor's. The Federal Agriculture Mortgage Corporation Notes are not rated. STAR Ohio carries a rating of AAA by Standard and Poor's. The County has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Federal Home Loan Mortgage Corporation	$9,674,840	19.51%
Federal Agriculture Mortgage Corporation	1,357,834	2.74
Federal Home Loan Bank	6,929,760	13.98
Federal National Mortgage Association	2,491,600	5.02
Federal Farm Credit Bank	497,895	1.00
Negotiable Certificates of Deposit	13,824,559	27.88

Note 8 - Receivables

Receivables at December 31, 2018, consisted of accounts (e.g., billings for user charged services, including unbilled charges); accrued interest; permissive sales and motor vehicle license taxes; other local taxes; intergovernmental receivables arising from grants, entitlements, and shared revenues; interfund; property taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for interfund, property taxes, notes, and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Notes receivable, in the amount of $783,546, will not be received within one year. Special assessments receivable, in the amount of $1,490,429 will not be received within one year. At December 31, 2018, the amount of delinquent special assessments was $178,515.

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

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

Note 8 - Receivables (continued)

A summary of the changes in notes receivable during 2018 follows:

	Balance January 1, 2018	New Loans	Repayments	Balance December 31, 2018
Special Revenue Funds				
Revolving Loan Fund				
Housing Assistance Program	$290,439	$34,376	$2,576	$322,239
Community Development Block Grant	953,535	0	419,268	534,267
Total Revolving Loan Fund	1,243,974	34,376	421,844	856,506
Craft Educational Trust Fund Scholarships	15,988	2,100	4,608	13,480
	1,259,962	$36,476	$426,452	869,986
Less Allowance for Uncollectible Accounts				25,606
				$844,380

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Local Government	$453,452
Sheriff's Contracts	35,834
Election Costs	56,327
Homestead and Rollback	188,472
Indigent Defense	82,494
Bureau of Workers' Compensation	7,204
Total General Fund	823,783
Motor Vehicle and Gasoline Tax	
Gasoline Tax	1,190,884
Motor Vehicle License Fees	1,297,873
Charges for Services	62,307
Total Motor Vehicle and Gasoline Tax	2,551,064
Job and Family Services	
Department of Job and Family Services	555,747
Bureau of Workers' Compensation	678
Total Job and Family Services	556,425

(continued)

Note 8 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Developmental Disabilities	
Department of Education	$251,906
Hardin County	532
State of Ohio	24,090
Homestead and Rollback	280,673
Medicaid	89,771
Personal Property Phase Out	149,305
Total Developmental Disabilities	796,277
Children Services	
Department of Education	1,004,666
Homestead and Rollback	122,962
Personal Property Phase Out	46,764
Total Children Services	1,174,392
Juvenile Detention Center	
Ohio Department of Youth Services	1,764,213
Total Major Funds	7,666,154
Nonmajor Funds	
Drug Law Enforcement	
Department of Public Safety	13,607
Sheriff's Grants	25,047
Total Drug Law Enforcement	38,654
Child Support Enforcement Agency	
Child Support Enforcement Agency	127,941
State of Ohio	33,962
Total Child Support Enforcement Agency	161,903
Law Library	
City of Lima	28,499
Felony Care and Subsidy	
Ohio Department of Youth Services	202,397
Adult Probation Grant	
Ohio Department of Rehabilitation and Correction	469,553
Emergency Management Agency	
Emergency Management Agency Grants	56,467
Future Debt Service	
Homestead and Rollback	85,668
Sewer Projects	
United States Department of Agriculture	127,863
City of Lima	9,630
Sewer Projects	137,493

(continued)

Note 8 - Receivables (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Marimor Permanent Improvement	
Homestead and Rollback	$24,406
Personal Property Phase Out	12,983
Total Marimor Permanent Improvement	37,389
Building and Expansion	
Casino Tax	607,264
Elida Road	
Ohio Department of Transportation	20,916
Total Nonmajor Funds	1,846,203
Total Governmental Activities	$9,512,357
Business Type Activity	
Sewer	
Village of Bluffton	$421
Agency Funds	
Local Government	$1,383,631
Library Local Government	1,749,596
Gasoline Tax	589,615
Motor Vehicle License Fees	403,756
Total Agency Funds	$4,126,598

Note 9 - Permissive Sales and Use Tax

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

Note 10 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2018 represent the collection of 2017 taxes. Real property taxes received in 2018 were levied after October 1, 2017, on the assessed values as of January 1, 2017, 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 2018 represent the collection of 2017 taxes. Public utility real and tangible personal property taxes received in 2018 became a lien on December 31, 2016, were levied after October 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real, public utility, and outstanding delinquent property taxes which were measurable as of December 31, 2018, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2018 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue; on the modified accrual basis, the revenue has been reported as deferred inflows of resources - unavailable revenue.

The full tax rate for all County operations for the year ended December 31, 2018, was \$11.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

Real Property	
Residential	$1,175,365,170
Agriculture	238,652,660
Commercial/Industrial/Mineral	422,960,550
Public Utility Property	
Real	887,760
Personal	158,916,760
Total Assessed Value	$1,996,782,900

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Governmental Activities				
Nondepreciable Capital Assets				
Land	$3,929,515	$0	$0	$3,929,515
Construction in Progress	1,696,639	6,898,408	(1,795,215)	6,799,832
Total Nondepreciable Capital Assets	5,626,154	6,898,408	(1,795,215)	10,729,347
Depreciable Capital Assets				
Buildings and Improvements	58,332,313	1,903,956	0	60,236,269
Machinery and Equipment	2,284,315	467,026	(81,480)	2,669,861
Vehicles	4,635,847	578,665	(577,267)	4,637,245
Furniture, Fixtures, and Equipment	5,267,706	378,635	(52,434)	5,593,907
Roads	31,952,099	1,659,103	0	33,611,202
Bridges	33,458,940	187,232	0	33,646,172
Total Depreciable Capital Assets	135,931,220	5,174,617	(711,181)	140,394,656
Less Accumulated Depreciation for				
Buildings and Improvements	(39,157,654)	(1,220,185)	0	(40,377,839)
Machinery and Equipment	(1,887,912)	(147,360)	81,480	(1,953,792)
Vehicles	(3,979,968)	(272,695)	548,721	(3,703,942)
Furniture, Fixtures, and Equipment	(4,397,578)	(236,748)	52,434	(4,581,892)
Roads	(16,701,078)	(1,465,140)	0	(18,166,218)
Bridges	(10,933,916)	(706,735)	0	(11,640,651)
Total Accumulated Depreciation	(77,058,106)	(4,048,863)	682,635	(80,424,334)
Total Depreciable Capital Assets, Net	58,873,114	1,125,754	(28,546)	59,970,322
Governmental Activities Capital Assets, Net	$64,499,268	$8,024,162	($1,823,761)	$70,699,669

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Business-Type Activity				
Nondepreciable Capital Assets				
Land	$51,219	$0	$0	$51,219
Depreciable Capital Assets				
Buildings and Improvements	3,551,806	0	0	3,551,806
Machinery, Equipment, and Vehicles	2,632,068	427,563	0	3,059,631
Infrastructure	78,595,548	257,737	0	78,853,285
Total Depreciable Capital Assets	84,779,422	685,300	0	85,464,722

(continued)

Note 11 - Capital Assets (continued)

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Business-Type Activity (continued)				
Less Accumulated Depreciation for				
Buildings and Improvements	($1,216,302)	($101,480)	$0	($1,317,782)
Machinery, Equipment, and Vehicles	(1,872,936)	(200,592)	0	(2,073,528)
Infrastructure	(33,697,886)	(2,027,516)	0	(35,725,402)
Total Accumulated Depreciation	(36,787,124)	(2,329,588)	0	(39,116,712)
Total Depreciable Capital Assets, Net	47,992,298	(1,644,288)	0	46,348,010
Business-Type Activity Capital Assets, Net	$48,043,517	($1,644,288)	$0	$46,399,229

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
General Government	
Legislative and Executive	$551,454
Judicial	98,728
Public Safety	339,822
Public Works	2,323,982
Health	192,003
Human Services	118,063
Conservation and Recreation	424,811
Total Depreciation Expense - Governmental Activities	$4,048,863

Note 12 - Interfund Receivables/Payables

Interfund balances at December 31, 2018, consisted of the following receivables and payables:

Due to General Fund from:	
Motor Vehicle and Gasoline Tax	$22,107
Job and Family Services	38,809
Developmental Disabilities	43,482
Children Services	73,437
Juvenile Detention Center	5,000,000
Ditch Construction	1,829,458
Other Governmental Funds	800,672
Sewer	364,035
Total Due to General Fund	$8,172,000

Note 12 - Interfund Receivables/Payables (continued)

Due to Motor Vehicle Gas Tax Fund from:	
General	$367
Other Governmental Funds	545
Sewer	10,392
Total Due to Motor Vehicle Gas Tax Fund	$11,304
Due to Developmental Disabilities Fund from:	
Children Services	$1,196
Due to Children Services Fund from:	
Job and Family Services	$12,425
Due to Other Governmental Funds from:	
Job and Family Services	27,213
Other Governmental Funds	224,440
Total Due to Other Governmental Funds	$251,653
Due to Sewer Fund from:	
Other Governmental Funds	$570,150

The balance due to the General Fund includes loans made to provide working capital for operations or projects, or to provide cash flow resources. The remaining interfund receivables/payables resulted from the time lag between dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund receivables not expected to be repaid within one year include $4,789,921 to the General Fund, $200,000 to the other governmental funds, and $570,150 to the Sewer enterprise fund.

Note 13 - Risk Management

A. Workers' Compensation

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

Note 13 - Risk Management

B. Other Insurance Coverage

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a $2,500 to $25,000 deductible. Coverage provided by CORSA is as follows:

General Liability	$1,000,000
Excess Liability	9,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Privacy and Security Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Building and Contents	308,613,090
Other Property Insurance	
Automobile Physical Damage	Actual Cash Value or Cost
Flood and Earthquake	100,000,000
Comprehensive Boiler and Machinery	100,000,000
Crime Insurance	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Depositor's Forgery	1,000,000
Money Order and Counterfeit Paper	1,000,000

There has been no significant reduction in insurance coverage from 2017 and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

Note 14 - Construction and Other Significant Commitments

The County had various outstanding contracts at December 31, 2018. The following amounts remain on these contracts.

Vendor	Outstanding Balance
All Temp Refrigeration	$131,189
Allen County Child Support	175,000
Allen County Children's Board	400,000
Allen County Juvenile Court	271,581
Duro-Last Roofing	160,580
K2M Design, Inc.	35,351

(continued)

Note 14 - Construction and Other Significant Commitments (continued)

Vendor	Outstanding Balance
Matt Lancia Signature Homes, LLC	$358,700
Peterson Construction	113,620
Shelly Company	107,252
Southeastern Equipment Company	172,219
Transportation Services Corporation	215,641
VTF Excavation, LLC	176,838

At year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in 2019 are as follows:

General Fund	$68,309
Motor Vehicle and Gasoline Tax Fund	421,024
Job and Family Services Fund	1,034,706
Developmental Disabilities	360,359
Juvenile Detention Center	155,767
Ditch Construction	30,501
Other Governmental Funds	794,710
	$2,865,376

Note 15 - Defined Benefit Pension Plans

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

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

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

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

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Note 15 - Defined Benefit Pension Plans (continued)

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

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	**Group C** Members not in other groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Combined Plan Formula:	**Combined Plan Formula:**	**Combined Plan Formula:**
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Traditional Plan Formula:	**Traditional Plan Formula:**	**Traditional Plan Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

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

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

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

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

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

For 2018, the County's contractually required contribution was $4,560,770 for the traditional plan, $125,025 for the combined plan, and $89,931 for the member-directed plan. Of these amounts, $493,620 is reported as an intergovernmental payable for the traditional plan, $13,244 for the combined plan, and $8,104 for the member-directed plan.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2018 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2018, the full employer contribution rate was allocated to pension.

The County’s contractually required contribution to STRS was $48,994 for 2018. Of this amount, $1,118 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the net pension liability for STRS was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective dates. The County’s proportion of the net pension liability (asset) was based on the County’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

Note 15 - Defined Benefit Pension Plans (continued)

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.24392450%	0.21070735%	0.00329680%	
Prior Measurement Date	0.25620900%	0.21897578%	0.00380363%	
Change in Proportionate Share	0.01228450%	0.00826843%	0.00050683%	
Proportionate Share				
Net Pension Liability	$38,267,025	$0	$724,892	$38,991,917
Net Pension Asset	$0	($286,843)	$0	($286,843)
Pension Expense	$6,833,599	($185,211)	($155,354)	$6,493,034

Pension expense for the member-directed defined contribution plan was $89,931 for 2018.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	$39,079	$0	$16,733	$55,812
Changes of Assumptions	4,573,166	25,066	128,464	4,726,696
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	0	4,010	60,431	64,441
County Contributions Subsequent to the Measurement Date	4,560,770	125,025	23,219	4,709,014
Total Deferred Outflows of Resources	$9,173,015	$154,101	$228,847	$9,555,963
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	$754,123	$85,451	$4,734	$844,308
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,215,426	45,257	43,956	8,304,639
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	1,831,213	0	725,061	2,556,274
Total Deferred Inflows of Resources	$10,800,762	$130,708	$773,751	$11,705,221

Note 15 - Defined Benefit Pension Plans (continued)

$4,709,014 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase in the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Year Ending December 31,				
2019	$2,276,265	($13,906)	($162,815)	$2,099,544
2020	(1,471,306)	(15,143)	(155,091)	(1,641,540)
2021	(3,617,638)	(25,283)	(221,658)	(3,864,579)
2022	(3,375,838)	(24,213)	(28,559)	(3,428,610)
2023	0	(8,322)	0	(8,322)
Thereafter	0	(14,765)	0	(14,765)
Total	($6,188,517)	($101,632)	($568,123)	($6,858,272)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	individual entry age	individual entry age

Note 15 - Defined Benefit Pension Plans (continued)

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

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

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

During 2017, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the board approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	

Note 15 - Defined Benefit Pension Plans (continued)

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
County's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	$67,952,487	$38,267,025	$13,518,296
OPERS Combined Plan	($155,923)	($286,843)	($377,166)

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net pension liability is not known.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below.

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

Note 15 - Defined Benefit Pension Plans (continued)

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

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study effective for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Note 15 - Defined Benefit Pension Plans (continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net Pension Liability	$1,058,610	$724,892	$442,446

Note 16 - Postemployment Benefits

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75. See OPERS' CAFR referenced below for additional information.

Note 16 - Postemployment Benefits (continued)

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members of both the traditional and combined plans was 1 percent for calendar year 2017. As recommended by OPERS' actuary, the portion of the employer contribution allocated to health care beginning January 1, 2018, decreased to 0 percent for both plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $30,577 for 2018. Of this amount, $3,242 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit health care plan for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at www.strsoh.org or by calling (888) 227-7877.

Note 16 - Postemployment Benefits (continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For 2018, STRS did not allocate any employer contributions to postemployment health care.

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

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. For STRS, the net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense.

	OPERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.23867150%	0.00329680%	
Prior Measurement Date	0.25107700%	0.00380363%	
Change in Proportionate Share	0.01240550%	0.00050683%	
Proportionate Share			
Net OPEB Liability	$25,917,968	$0	$25,917,968
Net OPEB Asset	0	(52,977)	(52,977)
OPEB Expense	1,784,889	(108,184)	1,676,705

Note 16 - Postemployment Benefits (continued)

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	OPERS	STRS	Total
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	$20,190	$3,100	$23,290
Changes of Assumptions	1,887,103	0	1,887,103
County Contributions Subsequent to the Measurement Date	30,577	0	30,577
Total Deferred Outflows of Resources	$1,937,870	$3,100	$1,940,970
Deferred Inflows of Resources			
Changes of Assumptions	$0	$72,184	$72,184
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,930,715	6,052	1,936,767
Changes in Proportion and Differences Between County Contributions and the Proportionate Share of Contributions	847,706	18,061	865,767
Total Deferred Inflows of Resources	$2,778,421	$96,297	$2,874,718

$30,577 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	OPERS	STRS	Total
Year Ending December 31,			
2019	$23,913	($16,462)	$7,451
2020	23,913	(16,462)	7,451
2021	(436,273)	(16,462)	(452,735)
2022	(482,681)	(15,087)	(497,768)
2023	0	(14,608)	(14,608)
Thereafter	0	(14,116)	(14,116)
Total	($871,128)	($93,197)	($964,325)

Note 16 - Postemployment Benefits (continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.85 percent
Prior Measurement Date	4.23 percent
Investment Rate of Return	6.5 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

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

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

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

Note 16 - Postemployment Benefits (continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the board approved asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	

Discount Rate - A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6.5 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

Note 16 - Postemployment Benefits (continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate.

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's Proportionate Share of the Net OPEB Liability	$34,433,137	$25,917,968	$19,029,279

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

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's Proportionate Share of the Net OPEB Liability	$24,797,969	$25,917,968	$27,074,895

Note 16 - Postemployment Benefits (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below.

Projected Salary Increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7.45 percent net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Medical	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the prior measurement date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)”. Valuation year per capita health care costs were updated.

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

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

Note 16 - Postemployment Benefits (continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the Health Care Fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer Twenty-Year Municipal Bond Rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's Proportionate Share of the Net OPEB Asset	$45,406	$52,977	$59,339

	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Asset	$58,980	$52,977	$46,879

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net OPEB liability is not known.

Note 17 - Compensated Absences

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

Note 17 - Compensated Absences (continued)

Sick leave is earned at varying rates depending on union or non-union status. Upon retirement, employees with ten or more years of service are paid one-fourth of accumulated sick leave up to a maximum of thirty days.

Note 18 - Notes Payable

A summary of the note transactions for the year ended December 31, 2018 is as follows:

	Interest Rate	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Business-Type Activity					
Bond Anticipation Notes					
Sewer Improvements	2.12%	$85,714	$0	$85,714	$0

According to Ohio law, notes can be issued in anticipation of bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. The liability for all notes is presented in the fund receiving the proceeds.

During 2018, the Sewer improvements notes were fully retired.

Note 19 - Long-Term Obligations

The County's long-term obligations activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities						
Special Assessment Notes						
Ditch Improvement	2.275%	$136,595	$0	$50,000	$86,595	$0

(continued)

Note 19 - Long-Term Obligations (continued)

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities (continued)						
General Obligation Bonds						
2008 Road Improvement Refunding						
(Original Amount $1,760,000)	3.195%	$176,000	$0	$176,000	$0	$0
2012 Civic Center Refunding						
(Original Amount $2,363,000)	2.34	634,000	0	634,000	0	0
2012 Downtown Parking Refunding						
(Original Amount $735,000)	2.34	185,000	0	185,000	0	0
2013 Airport Improvement						
(Original Amount $388,668)	2.29	194,336	0	48,583	145,753	48,583
Total General Obligation Bonds		1,189,336	0	1,043,583	145,753	48,583
Special Assessment Bonds with Government Commitment						
2005 Delmar/Glenn Sewer						
(Original Amount $342,600)	3.0 - 5.0	160,100	0	21,400	138,700	21,400
2005 Trebor Drive Waterline						
(Original Amount $11,000)	3.0 - 5.0	4,900	0	600	4,300	600
2005 Southwood Waterline						
(Original Amount $71,000)	3.0 - 5.0	26,000	0	5,000	21,000	5,000
2005 Berryman Waterline						
(Original Amount $133,000)	3.0 - 5.0	54,000	0	8,000	46,000	8,000
2005 Oakview Project						
(Original Amount $805,000)	3.0 - 5.0	360,000	0	45,000	315,000	45,000
2012 Allentown Road Project						
(Original Amount $485,000)	2.34	80,835	0	80,835	0	0
2013 Findlay Road Sewer Project						
(Original Amount $1,165,000)	2.23	436,875	0	145,625	291,250	0
2006 Bond Premium		72,683	0	9,084	63,599	0
Total Special Assessment Bonds		1,195,393	0	315,544	879,849	80,000

(continued)

Note 19 - Long-Term Obligations (continued)

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities (continued)						
OPWC Loans						
Phillips						
(Original Amount $147,340)	0.00%	$11,050	$0	$7,367	$3,683	$3,683
Second						
(Original Amount $188,611)	0.00	61,299	0	9,430	51,869	4,715
Eastown 1						
(Original Amount $995,670)	0.00	398,271	0	49,784	348,487	24,892
Eastown 2						
(Original Amount $135,232)	0.00	60,854	0	6,762	54,092	3,381
Eastown 4						
(Original Amount $684,638)	0.00	427,900	0	34,232	393,668	17,116
Road Resurfacing						
(Original Amount $345,518)	0.00	198,672	0	17,276	181,396	8,638
Shawnee Road						
(Original Amount $500,000)	0.00	470,000	0	20,000	450,000	10,000
Hume Road						
(Original Amount $65,000)	0.00	61,100	0	2,600	58,500	1,300
Zurmehly Road Bridge						
(Original Amount $190,192)	0.00	180,682	0	9,510	171,172	4,755
Kill Road Reconstruction						
(Original Amount $45,375)	0.00	45,375	0	2,269	43,106	1,134
Total OPWC Loans		1,915,203	0	159,230	1,755,973	79,614
OWDA Loans						
Lutz/Early						
(Original Amount $718,512)	1.00	304,707	0	36,772	267,935	37,141
4th /Bowman						
(Original Amount $437,856)	0.00	175,144	0	21,893	153,251	21,893
Perry Schools Sewer						
(Original Amount $482,944)	3.42	316,573	0	24,152	292,421	24,985
Findlay Rd						
(Original Amount $429,009)	3.42	270,061	0	23,074	246,987	23,870
Westminister						
(Original Amount $3,451,817)	0.00	2,277,204	0	168,682	2,108,522	168,682
Indian Village Mobile Home Park						
(Original Amount $375,581)	3.74	335,370	0	14,428	320,942	14,973
Total OWDA Loans		3,679,059	0	289,001	3,390,058	291,544

(continued)

Note 19 - Long-Term Obligations (continued)

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Governmental Activities (continued)						
Net Pension Liability						
Ohio Public Employees Retirement System		$55,271,671	$0	$18,805,449	$36,466,222	$0
State Teachers Retirement System		903,561	0	178,669	724,892	0
Total Net Pension Liability		56,175,232	0	18,984,118	37,191,114	0
Net OPEB Liability						
Ohio Public Employees Retirement System		24,180,112	518,187	0	24,698,299	0
State Teachers Retirement System		148,404	0	148,404	0	0
Total Net OPEB Liability		24,328,516	518,187	148,404	24,698,299	0
Capital Loans Payable		0	673,542	0	673,542	5,900
Capital Leases Payable		139,102	0	86,380	52,722	52,722
Compensated Absences Payable		3,125,766	413,600	412,309	3,127,057	1,623,747
Total Governmental Activities		$91,884,202	$1,605,329	$21,488,569	$72,000,962	$2,182,110
Business-Type Activity						
OWDA Loans						
American II						
(Original Amount $9,311,017)	1.00%	$5,349,981	$0	$462,469	$4,887,512	$467,106
Bath SSO						
(Original Amount $636,518)	1.00	397,035	0	31,302	365,733	31,615
Woodbriar						
(Original Amount $169,091)	1.00	35,181	0	17,503	17,678	17,678
Ottawa River Sewer Inceptor						
(Original Amount $3,318,241)	3.65	2,959,932	0	128,341	2,831,591	133,068
Shawnee II WWTP, Pump Station						
(Original Amount $15,589,221)	3.45-3.95	11,346,658	0	311,417	11,035,241	0
Total OWDA Loans		20,088,787	0	951,032	19,137,755	649,467
Net Pension Liability						
Ohio Public Employees Retirement System		2,909,037	0	1,108,234	1,800,803	0
Net OPEB Liability						
Ohio Public Employees Retirement System		1,179,518	40,151	0	1,219,669	0
Capital Leases Payable		0	280,717	166,951	113,766	56,102
Compensated Absences Payable		228,899	20,738	4,207	245,430	107,638
Total Business-Type Activities		$24,406,241	$341,606	$2,230,424	$22,517,423	$813,207

Note 19 - Long-Term Obligations (continued)

Special Assessment Notes

In 2015, the County issued special assessment notes, in the amount of $316,041, to retire notes previously issued and for additional resources for various ditch improvements. The notes have an interest rate of 2.275 percent and mature on September, 25, 2020. The notes will be repaid from the Ditch Construction capital projects fund. As of December 31, 2018, all of the proceeds had been spent.

General Obligation Bonds

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

Special Assessment Bonds

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

OPWC Loans

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

OWDA Loans

The OWDA loans consist of monies owed to the Ohio Water Development Authority for various projects. OWDA loans will be repaid from the Water Projects and Sewer Projects capital projects funds and the Sewer enterprise fund. As of December 31, 2018, the Shawnee II WWTP Pump Station project funded by OWDA loans has not been completed. An amortization schedule for the repayment of the loan will not be available until the project is completed and, therefore, is not included in the schedule of future principal and interest requirements.

For OPWC and OWDA loans payable from governmental funds, the principal remaining to be paid on the OPWC loans is $1,755,973, principal and interest remaining to be paid on the OWDA loans is $3,390,058 and $215,972, respectively. The OPWC loans are payable though 2041 and the OWDA loans are payable through 2035.

Note 19 - Long-Term Obligations (continued)

OWDA loans payable from the Sewer enterprise fund are payable solely from the gross revenues of the fund. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues. For OWDA loans, for which amortization schedules are currently available, principal and interest remaining to be paid on the loans is $8,102,514 and $1,214,072, respectively. Principal and interest paid in the Sewer enterprise fund for the current year were $1,062,920 and $571,278, respectively. Total net revenues for the Sewer enterprise fund were $3,162,813. The OWDA loans are payable through 2034.

Capital Loans Payable

In 2018, the County obtained a loan from the United States Department of Agriculture, in the amount of $673,542 for sewer improvements to Springbrook Estates. The County, if needed, may borrow up to a total amount of $833,000 on this loan. The loan will be retired from the net revenues of the Sewer enterprise fund.

Capital Leases Payable

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

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

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

The County's legal debt margin was $44,565,263 and an unvoted debt margin of $16,113,519.

Note 19 - Long-Term Obligations (continued)

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

	General Obligation Bonds		Special Assessment Bonds		OPWC Loans
Year	Principal	Interest	Principal	Interest	Principal
2019	$48,583	$3,384	$80,000	$23,550	$79,614
2020	48,583	2,256	230,625	24,421	151,862
2021	48,587	1,128	235,625	16,924	151,862
2022	0	0	95,000	11,475	151,862
2023	0	0	90,000	7,438	151,861
2024-2028	0	0	85,000	3,612	586,987
2029-2033	0	0	0	0	257,634
2034-2038	0	0	0	0	156,491
2039-2041	0	0	0	0	67,800
	$145,753	$6,768	$816,250	$87,420	$1,755,973

	OWDA Loans		Capital Loans	
Year	Principal	Interest	Principal	Interest
2019	$291,544	$32,485	$5,900	$25,857
2020	294,167	29,862	12,000	22,725
2021	296,871	27,156	12,400	22,331
2022	299,663	24,365	12,700	21,988
2023	302,545	21,483	13,100	21,636
2024-2028	1,340,520	62,644	71,000	102,654
2029-2033	538,645	17,243	81,400	92,203
2034-2038	26,103	734	93,300	80,287
2039-2043	0	0	107,000	66,630
2044-2048	0	0	122,600	50,998
2049-2053	0	0	140,500	33,020
2054	0	0	1,642	2,233
	$3,390,058	$215,972	$673,542	$542,562

Note 19 - Long-Term Obligations (continued)

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

	OWDA Loans	
Year	Principal	Interest
2019	$649,467	$153,571
2020	641,690	143,538
2021	651,821	133,406
2022	662,191	123,037
2023	672,805	112,422
2024-2028	3,532,381	393,756
2029-2033	1,063,227	148,056
2034	228,932	6,286
	$8,102,514	$1,214,072

Conduit Debt

In 2007, the County issued health care facilities revenue bonds, in the amount $2,870,000. 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. As of December 31, 2018, $175,000 was still outstanding.

In 2008, the County issued health care facilities revenue bonds, in the amount of $300,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2018, $300,000,000 was still outstanding.

In, 2010, the County issued health care facilities revenue bonds, in the amount of $152,315,000, $334,015,000, $100,000,000, and $95,000,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2018, $152,315,000, $166,460,000, $91,400,000, and $86,400,000, respectively, was still outstanding.

In, 2012, the County issued health care facilities revenue bonds, in the amount of $100,000,000 and $273,620,000. These bonds were issued to provide financial assistance to Catholic Healthcare Partners with construction and refunding of debt. As of December 31, 2018, $100,000,000 and $273,620,000, respectively, was still outstanding.

In 2015, the County issued health care facilities revenue bonds, in the amount of $159,205,000 and $100,000,000. These bonds were issued to provide financial assistance to Mercy Health with construction and refunding of debt. As of December 31, 2018, $159,205,000 and $100,000,000, respectively, was still outstanding.

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

Note 20 - Capital Leases

The County has entered into capitalized leases for machinery and equipment. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balance for the governmental funds and as a reduction of the liability in the enterprise fund. Principal payments in 2018 were $86,380 for governmental funds and $166,951 for the enterprise fund.

	Governmental Activities	Business-Type Activity
Equipment	$158,206	$280,717
Less Accumulated Depreciation	(20,874)	(64,331)
Carrying Value, December 31, 2018	$137,332	$216,386

The following is a schedule of future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2018.

	Governmental Activities		Business Type Activity	
Year	Principal	Interest	Principal	Interest
2019	$52,722	$1,440	$56,102	$3,169
2020	0	0	57,664	1,607
	$52,722	$1,440	$113,766	$4,776

Note 21 - Interfund Transfers

During 2018, the General Fund made transfers to the Job and Family Services special revenue fund and to other governmental funds, in the amount of $371,830 and $284,408, to subsidize operations in those funds. The Juvenile Detention Center capital projects fund made transfers to the other governmental funds, in the amount of $241,194, to return resources previously used for construction activities. Other governmental funds made transfers to other governmental funds, in the amount of $531,550 to make debt payments when due. The Sewer enterprise fund made transfers to the other governmental funds, in the amount of $407,088; $295,200 for construction activities and $111,888 to make debt payments when due.

Note 22 - Fund Balance

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

Fund Balance	General	Motor Vehicle and Gasoline Tax	Job and Family Services	Developmental Disabilities
Nonspendable for:				
Interfund Loans	$4,789,921	$0	$0	$0
Prepaid Items	283,771	22,107	40,026	43,482
Materials and Supplies Inventory	70,438	436,675	23,353	62,305
Unclaimed Monies	195,076	0	0	0
Total Nonspendable	5,339,206	458,782	63,379	105,787
Restricted for:				
Developmental Disabilities Operations	0	0	0	9,085,242
Job and Family Services Operations	0	0	1,618,941	0
Road and Bridge Repair/ Improvement	0	1,351,807	0	0
Total Restricted	0	1,351,807	1,618,941	9,085,242
Assigned for:				
Airport	1,040	0	0	0
Clerk of Courts	470,866	0	0	0
Drug Court Payroll	8,975	0	0	0
Economic Development	154,002	0	0	0
Probate Court	12	0	0	0
Projected Budget Shortage	3,469,859	0	0	0
Recorder Equipment	23,973	0	0	0
Title Administration	1,564,424	0	0	0
Unpaid Obligations	66,511	0	0	0
Total Assigned	5,759,662	0	0	0
Unassigned	830,874	0	0	0
Total Fund Balance	$11,929,742	$1,810,589	$1,682,320	$9,191,029

Note 22 - Fund Balance (continued)

Fund Balance	Children Services	Juvenile Detention Center	Ditch Construction	Other Governmental Funds
Nonspendable for:				
Prepaid Items	$23,839	$0	$0	$37,444
Materials and Supplies Inventory	4,175	0	0	0
Total Nonspendable	28,014	0	0	37,444
Restricted for:				
Board of Elections	0	0	0	134
Child Support Enforcement	0	0	0	460,035
Children Services	2,326,745	0	0	0
Civic Center	0	0	0	810,151
Court Operations	0	0	0	1,495,676
Debt Retirement	0	0	0	2,165,140
Delinquent Tax Collections	0	0	0	99,822
Ditch Maintenance	0	0	0	1,501,384
Dog and Kennel Operations	0	0	0	560,452
Economic Development and Rehabilitation	0	0	0	2,184,836
Emergency Management Agency	0	0	0	13,842
Family Counseling	0	0	0	5,341
Foreign Trade Zone	0	0	0	3,258
Law Library Operations	0	0	0	290,759
Permanent Improvements	0	0	0	2,956,058
Real Estate Assessments	0	0	0	2,614,593
Scholarships	0	0	0	50,249
Sheriff Operations	0	0	0	833,435
Tax Abatement	0	0	0	17,328
Wellness	0	0	0	1,540
Total Restricted	2,326,745	0	0	16,064,033
Assigned for:				
Permanent Improvements	0	0	0	4,813
Unassigned (Deficit)	0	(3,648,057)	(1,439,625)	(565,532)
Total Fund Balance	$2,354,759	($3,648,057)	($1,439,625)	$15,540,758

Note 22 - Fund Balance (continued)

The County has established a General Fund budget stabilization arrangement by resolution pursuant to Ohio Revised Code Section 5705.13 to stabilize against cyclical changes in revenues. The stabilization arrangement does not meet the criteria to be classified as restricted or committed. The County did not identify any requirements for additions to the stabilization amount or conditions under which amounts can be spent other than upon approval by the County Commissioners. The balance in the reserve at December 31, 2018, was $1,266,980.

Note 23 - Joint Ventures

A. Lima-Allen County Downtown Construction

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

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

The City of Lima has agreed to enter into a long-term lease agreement with the County offering the County a one-half ownership interest in the parking garage, which will be operated and maintained by the Lima-Allen County Joint Parking Commission, in accordance with the rules and regulations established for the Joint Parking Commission (see Note 24). As of December 31, 2018, this lease has not been executed.

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

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

The Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties consists of sixteen members. Four members are appointed by the Director of the Ohio Department of Mental Health and four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services. The remaining members are appointed by the County Commissioners of Allen, Auglaize, and Hardin Counties in the same proportion of each county's population to the total combined population. The degree of control exercised by any participating County is limited to its representation on the Board. The Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties is a joint venture because its existence is dependent on the continued participation of the County.

Note 23 - Joint Ventures (continued)

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

Note 24 - Jointly Governed Organizations

A. Lima-Allen County Regional Planning Commission

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

Duties of the Commission include making studies, maps, plans, and other reports of the County and adjoining areas, recommendations for systems of transportation, highways, park and recreational facilities, water supply, sewerage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region.

The Commission has the authority to employ an Executive Director, engineers, accountants, attorneys, planners, and others as may be necessary and set their compensation.

In 2018, the County did not pay any membership fees. Financial information may be obtained from the Lima-Allen County Regional Planning Commission, 130 West North Street, Lima, Ohio 45801.

B. North Central Ohio Solid Waste District

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

Allen County, the largest of the six counties, initially contributed 33 percent of the total funds contributed. In 1994, the District became self-supporting and does not anticipate having to rely on future support coming from funds given to the District by the six counties. The County does not contribute to the Joint Solid Waste District nor does it anticipate doing so in the future. Allen County serves as fiscal agent. Financial information may be obtained from the Joint Solid Waste District, 815 Shawnee Road, Suite D, Lima, Ohio 45805.

Note 24 - 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 Facilities Governing Board comprised of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Shelby, and Van Wert Counties. The WORTH Center is operated for men from the nine counties placed on probation by the Common Pleas Court that otherwise would be sentenced to incarceration in a state penal institution. Training and counseling are personalized to meet the needs of each offender and are designed to establish an ongoing treatment plan that will accompany the offender upon release from the WORTH Center. The WORTH Center is located in Allen County and the County serves as the fiscal agent.

A Facilities Governing Board oversees the facility's operations. Common pleas judges from the counties the facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facilities Governing Board and advises the Board regarding facility matters. The Board includes at least one common pleas court judge from each county the facility serves. The County has entered into a sublease with the Department of Rehabilitation and Correction which stipulates that the WORTH Center building constructed by the Ohio Building Authority reverts to the County's ownership after twenty years from the start of the WORTH Center project. The County does not contribute to the operations of the WORTH Center nor does it anticipate doing so in the future. Financial information may be obtained from the WORTH Center, 243 East Bluelick Road, Lima, Ohio 45802.

D. Lima-Allen County Joint Parking Commission

The County and the City of Lima have established a joint parking commission (JPC) which is responsible for developing and implementing a joint city-county parking system for the Central Business District in Lima and has management control over the downtown parking garage and various downtown surface lots. The JPC establishes policies for the operation of the parking system under its control, including rates to be charged.

The JPC is comprised of two members, one appointed by the Mayor of the City of Lima and one appointed by the President of the Board of County Commissioners.

Note 25 - Insurance Pools

A. County Risk Sharing Authority, Inc.

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

Note 25 - Insurance Pools (continued)

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

B. County Employee Benefits Consortium of Ohio, Inc.

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

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

Note 26 - Related Organizations

A. Port Authority of Allen County

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

Note 26 - Related Organizations (continued)

B. Allen County Regional Airport Authority

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

Although the County has no obligation to provide financial resources to the airport, the County Commissioners have in prior years allocated certain funds to the Airport Authority. In 2018, this allocation was $61,784.

Note 27 - LODDI

A. Summary of Significant Accounting Policies

Reporting Entity

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

Basis of Presentation

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

B. Deposits and Investments

At December 31, 2018, the carrying amount of deposits was $87,375. These amounts are classified as "Cash and Cash Equivalents in Segregated Accounts" on the statement of net position. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

C. Capital Assets

LODDI had capital assets of land and buildings, in the amount of $136,548 and $1,322,350, respectively, as of December 31, 2018. Accumulated depreciation was $508,451, with a net capital asset amount of $950,447. Depreciation is computed using the straight-line method over a useful life of forty years.

Note 27 - LODDI (continued)

D. Long-Term Obligations

	Interest Rate	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
Mortgage Notes Payable	4.67%	$608	$0	$608	$0	$0

Note 28 - Allen County Land Reutilization Corporation

A. Summary of Significant Accounting Policies

Reporting Entity

The Allen County Land Reutilization Corporation (Land Bank) is presented following the provisions of NCGA Statement No. 1 "Governmental Accounting and Financial Reporting Principles", as modified by subsequent NCGA and GASB pronouncements.

Basis of Presentation

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

B. Deposits and Investments

At December 31, 2018, the carrying amount of deposits was $19,433. These amounts are classified as "Cash and Cash Equivalents in Segregated Accounts" on the statement of net position. There are no significant statutory restrictions regarding the deposit and investment of funds by the not-for-profit corporation.

C. Property Held for Resale

Property held for resale is recorded at cost, which totaled $3,028,452 as of December 31, 2018. The property held is mostly vacant and abandoned properties in primarily distressed neighborhoods. All significant costs incurred to acquire and improve or rehabilitate the property are recorded as "Property Held for Resale" on the statement of net position. Reimbursements for these costs are reported as part of the property sale revenue when sold.

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

Note 28 - Allen County Land Reutilization Corporation (continued)

D. Short-Term Obligations

	Interest Rate	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
D'Arcy Fund, Inc. Loan Payable	5%	$150,000	$0	$45,403	$104,597
Superior Credit Union Line of Credit	variable	499,605	2,274	14,147	487,732
		$649,605	$2,274	$59,550	$592,329

Note 29 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2018, to December 31, 2018, the County received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the County believes such disallowances, if any, would be immaterial.

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

	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.24392450%	0.25620900%	0.26640800%	0.27637600%
County's Proportionate Share of the Net Pension Liability	$38,267,025	$58,180,708	$46,145,222	$33,334,034
County's Covered Payroll	$31,488,073	$31,433,836	$33,225,588	$32,790,592
County's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	121.53%	185.09%	138.88%	101.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%

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

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

See Accompanying Notes to the Required Supplementary Information

2014
0.27637600%
$32,581,130
$37,870,469
86.03%
86.36%

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Allen County
Required Supplementary Information
Schedule of the County's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	2018
County's Proportion of the Net Pension Asset	0.21070735%
County's Proportionate Share of the Net Pension Asset	$286,843
County's Covered Payroll	$873,108
County's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	32.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.28%

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

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017	2016	2015
County's Proportion of the Net Pension Liability	0.00329680%	0.00380363%	0.00732584%	0.00678598%
County's Proportionate Share of the Net Pension Liability	$724,892	$903,561	$2,452,182	$1,875,444
County's Covered Payroll	$374,793	$418,164	$770,821	$708,007
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	193.41%	216.08%	318.13%	264.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%

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

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

See Accompanying Notes to the Required Supplementary Information

2014	2013
0.00727737%	0.00727737%
$1,770,107	$2,108,541
$800,746	$780,192
221.06%	270.26%
74.70%	69.30%

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

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

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

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

See Accompanying Notes to the Required Supplementary Information

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

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

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

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

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017	2016	2015
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	$4,560,770	$4,226,933	$3,907,021	$4,122,098
Contributions in Relation to the Contractually Required Contribution	(4,560,770)	(4,226,933)	(3,907,021)	(4,122,098)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$31,580,022	$31,488,073	$31,433,836	$33,225,588
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.42%	12.43%	12.41%
Net Pension Asset - Combined Plan				
Contractually Required Contribution	$125,025	$113,504	$101,842	$106,915
Contributions in Relation to the Contractually Required Contribution	(125,025)	(113,504)	(101,842)	(106,915)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$893,036	$873,108	$848,683	$890,958
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%
Net OPEB Liability - OPEB Plan (2)				
Contractually Required Contribution	$30,577	$355,423	$676,381	
Contributions in Relation to the Contractually Required Contribution	(30,577)	(355,423)	(676,381)	
Contribution Deficiency (Excess)	$0	$0	$0	
County Covered Payroll (3)	$33,237,483	$33,131,281	$33,050,769	
OPEB Contributions as a Percentage of Covered Payroll	0.04%	1.02%	2.04%	

(1) Information prior to 2013 is not available.
(2) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

2014	2013
$4,073,325	$5,063,631
(4,073,325)	(5,063,631)
$0	$0
$32,790,592	$37,870,469
12.42%	13.37%
$92,896	$90,497
(92,896)	(90,497)
$0	$0
$774,133	$696,131
12.00%	13.00%

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

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$48,994	$22,603	$73,323	$77,672
Contributions in Relation to the Contractually Required Contribution	(48,994)	(22,603)	(73,323)	(77,672)
Contribution Deficiency (Excess)	$0	$0	$0	$0
County Covered Payroll	$349,957	$161,450	$523,736	$554,800
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

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

See Accompanying Notes to the Required Supplementary Information

2014	2013	2012	2011	2010	2009
$73,514	$99,683	$103,166	$111,869	$129,462	$130,787
(73,514)	(99,683)	(103,166)	(111,869)	(129,462)	(130,787)
$0	$0	$0	$0	$0	$0
$565,490	$766,792	$793,585	$860,531	$995,862	$1,006,054
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$5,665	$7,668	$7,936	$8,605	$9,959	$10,061
(5,665)	(7,668)	(7,936)	(8,605)	(9,959)	(10,061)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Changes in Assumptions - OPERS Pension

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

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

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

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

Changes in Assumptions - STRS Pension

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

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

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

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

Changes in Assumptions - STRS OPEB

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

Changes in Benefit Terms - STRS OPEB

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

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Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
Passed through the Ohio Department of Job and Family Services:					
SNAP Cluster:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-11-5705	10.561	$0	$765,832	$0
Total SNAP Cluster			0	765,832	0
Passed through the Ohio Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program					
Marimor School	N/A	10.553	0	5,380	0
National School Lunch Program					
Marimor School	N/A	10.555	0	9,271	13
Total Child Nutrition Cluster			0	14,651	13
Direct Program					
Water and Waste Disposal System for Rural Communities	N/A	10.760	0	877,424	0
Total U.S. Department of Agriculture			**0**	**1,657,907**	**13**
U.S. Department of Defense					
Direct Program					
Community Economic Adjustment Assistance for Reductions in Defense Industry Employment	N/A	12.611	0	35,870	0
Total U.S. Department of Defense			**0**	**35,870**	**0**
U.S. Department of Housing and Urban Development					
Passed through the Ohio Development Services Agency, Office of Community Development:					
CDBG Revolving Loans	N/A	14.228	0	3,716	0
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			0	3,716	0
Total U.S. Department of Housing and Urban Development			**0**	**3,716**	**0**
U.S. Department of Labor					
Passed through the Area 7 Workforce Development Board:					
Employment Service Cluster:					
Employment Service/Wagner-Peyser Funded Activities	2016-S0702-1 2018-7102-1	17.207	0	11,595	0
Total Employement Service Cluster			0	11,595	0
Trade Adjustment Assistance	2016-S0702-1 2018-7102-1	17.245	0	2,154	0
WIOA Cluster					
WIOA Adult Program	2016-S0702-1 2018-7102-1	17.258	0	245,696	0
WIOA Youth Activities	2016-S0702-1 2018-7102-1	17.259	0	269,725	0
WIOA Dislocated Worker Formula Grants	2016-S0702-1 2018-7102-1	17.278	0	422,305	0
Total WIOA Cluster			0	937,726	0
Total U.S. Department of Labor			**0**	**951,475**	**0**
U.S. Department of Transportation					
Passed through the Ohio Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	PID # 106255	20.205	0	37,800	0
Highway Planning and Construction	PID # 107925	20.205	0	29,970	0
Highway Planning and Construction	PID # 103460	20.205	0	24,388	0
Highway Planning and Construction	PID #97438	20.205	0	249,806	0
Total Highway Planning and Construction Cluster			0	341,964	0
Highway Safety Cluster:					
State and Community Highway Safety	STEP-2018-2-00-00-00022-00	20.600	0	14,423	0
State and Community Highway Safety	STEP-2018-2-00-00-00001-00	20.600	0	3,518	0
Total Highway Safety Cluster			0	17,941	0

Allen County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures	Non-Cash Expenditures
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2018-2-00-00-00022-00	20.608	0	17,073	0
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP-2018-2-00-00-00001-00	20.608	0	9,963	0
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			0	27,036	0
Total U.S. Department of Transportation			**0**	**386,941**	**0**
U.S. Department of Education					
Passed through the Ohio Department of Education:					
Special Education Cluster (IDEA):					
Special Education-Grants to States	N/A	84.027	0	48,777	0
Total Special Education Cluster (IDEA)			0	48,777	0
Passed through the Ohio Department of Developmental Disabilities:					
Special Education-Grants for Infants and Families FY 18 (Early Intervention Part C)	H181A150024	84.181	0	160,351	0
Total U.S. Department of Education			**0**	**209,128**	**0**
U.S. Department of Health and Human Services					
Passed through the Ohio Department of Developmental Disabilities:					
Social Services Block Grant	1801OHSOSR	93.667	$0	$68,478	$0
Passed through the Ohio Department of Job and Family Services:					
Social Services Block Grant	G-1819-11-5705	93.667	0	364,877	0
Total Social Services Block Grant			0	433,355	0
Passed through the Ohio Department of Job and Family Services:					
Promoting Safe and Stable Families	G-1819-11-5705	93.556	0	87,916	0
Promoting Safe and Stable Families - FY18	5AU-18-C0002	93.556	0	8,525	0
Promoting Safe and Stable Families - FY19	5AU-19-C0002	93.556	0	4,754	0
Total Promoting Safe and Stable Families			0	101,195	0
Child Support Enforcement	G-1819-11-5706	93.563	0	1,072,595	0
Stephanie Tubbs Jones Child Welfare Services Program	G-1819-11-5707	93.645	0	144,505	0
Stephanie Tubbs Jones Child Welfare Services Program - FY18	5AU-18-C0002	93.645	0	1,054	0
Stephanie Tubbs Jones Child Welfare Services Program - FY19	5AU-19-C0002	93.645	0	598	0
Total Stephanie Tubbs Jones Child Welfare Services Program			0	146,157	0
Foster Care Title IV-E	G-1819-11-5707	93.658	0	1,046,477	0
Adoption Assistance	G-1819-11-5707	93.659	0	1,087,059	0
John H. Chafee Foster Care Program for Successful Transition to Adulthood	G-1819-11-5707	93.674	0	47,541	0
Children's Health Insurance Program	G-1819-11-5705	93.767	0	617,794	0
CCDF Cluster:					
Child Care and Development Block Grant	G-1819-11-5705	93.575	0	134,997	0
Total CCDF Cluster			0	134,997	0
TANF Cluster:					
Temporary Assistance for Needy Families (TANF) State Programs	G-1819-11-5705/ G-1819-11-5707	93.558	21,287	4,003,079	0
Total TANF Cluster			21,287	4,003,079	0
Passed through the Ohio Department of Developmental Disabilities:					
Medicaid Cluster:					
Medical Assistance Program	1805OH5ADM	93.778	0	393,900	0
Passed through the Ohio Department of Job and Family Services:					
Medical Assistance Program	G-1819-11-5705/ G-1819-11-5707	93.778	0	972,272	0
Total Medicaid Cluster			0	1,366,172	0
Total U.S. Department of Health and Human Services			**21,287**	**10,056,421**	**0**

Allen County, Ohio
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Grantor/ Pass Through Grantor/ Program / Cluster Title	Pass Through Entity Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Total Federal Expenditures	Non-Cash Expenditures
U.S. Department of Justice					
Passed through the Ohio Department of Public Safety:					
Edward Byrne Memorial Justice Assistance Grant Program	2017-JG-A01-6409	16.738	0	20,010	0
Total U.S. Department of Justice			**0**	**20,010**	**0**
U.S. Department of Homeland Security					
Passed through the Ohio Department of Public Saftey					
Homeland Security Grant Program	EMW-2015-SS-00086	97.067	0	183,565	0
Total Homeland Security Grant Program			0	183,565	0
Emergency Management Performance Grants:					
Emergency Management Performance Grants	EMC-2018-EP-00008-S01	97.042	0	56,467	0
Emergency Management Performance Grants	EMC-2017-EP-00006-S01	97.042	0	31,684	0
Total Emergency Management Performance Grants			0	88,151	0
Total U.S. Department of Homeland Security			**0**	**271,716**	**0**
Total Expenditures of Federal Awards			$21,287	$13,593,184	$13

N/A - pass through entity number not available

The accompanying notes are an integral part of this schedule.

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ALLEN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Allen County (the County) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, with exception for expenditures passed through the Area 7 Workforce Development Board and expenditures for the Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii (CFDA#14.228), which are reported on the accrual basis of accounting in accordance with U.S. Department of Labor and the U.S. Department of Housing and Urban Development requirements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

NOTE 4 – CHILD NUTRITION CLUSTER – MARIMOR SCHOOL

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

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

The current cash balance on the County's local program income account as of December 31, 2018 is $856,506.

NOTE 6 – MATCHING REQUIREMENTS

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

NOTE 7 - SUBRECIPIENTS

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

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

NOTE 8 – FOOD DONATION PROGRAM

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

NOTE 9 – OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES

During the calendar year, the County Board of Developmental Disabilities received a notice of liability owed for the 2014 Cost Report to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of $5,633. The Cost Report Settlement liability was for the settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The liability is not listed on the County's Schedule of Expenditures of Federal Awards since the liability was invoiced by the Ohio Department of Developmental Disabilities.

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KEITH FABER

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

Allen County
301 North Main Street
Lima, Ohio 45801

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Allen County, (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 17, 2019, wherein we noted the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* Our report refers to other auditors who audited the financial statements of the component unit LODDI, Inc.as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. The financial statements of LODDI, Inc. were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards.*

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2019

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

Allen County
301 North Main Street
Lima, Ohio 45801

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Allen County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Allen County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Opinion on each Major Federal Program

In our opinion, Allen County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

October 17, 2019

ALLEN COUNTY

SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Water and Waste Water Disposal for Rural Communities (CFDA #10.760, Child Support Enforcement (CFDA #93.563), TANF Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

Rachael S. Gilroy
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ALLEN COUNTY, OHIO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	**Material Weakness- Accuracy of Financial Reporting**	Not Corrected.	The 2018 financial statements were amended for the errors. 2019 will be properly reported. Comment repeated in the management letter.
2017-002	**Noncompliance Citation / Material Weakness- Allowable Cost/ Cost Principles Lack of Semi-Annual Certifications**	Not Corrected. Repeated in Management Letter since grant was not a major program and grant activity was not significant.	Need to establish and adopt a formal written policy as required by the CFR and establish control(s) are completed and maintained for all employees paid from the Community Economic Adjustment Assistance for Reductions in Defense Industry Employment. Employees involved did proper paperwork and passed federal background checks. 2017 Audit was not completed during 2018 to allow for this to be corrected for 2018
2017-003	**Noncompliance Citation /Significant Deficiency-Reporting Accuracy of the Schedule of Expenditures of Federal Award**	Corrective Action Taken.	The Schedule was amended for the errors. We have been reviewing all grants and loans awarded and are more familiar with federal reporting requirements. We have implemented a system to track all federal expenditures and related information separately with proper support.
2017-004	**Material Weakness Program Income ED RLF Semi-Annual Reports**	Comment not repeated since grant activity was insignificant.	This finding was issued in July, 2019. However, the grant has already been fulfilled and the grant has ended. There is no corrective action to be taken regarding this finding. Time frame requirements do not allow this to be marked “Finding No Longer Valid.”

OHIO AUDITOR OF STATE
KEITH FABER

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
NOVEMBER 7, 2019