Rating: Standard & Poor's A+
See "RATING" herein.

NEW ISSUE – BOOK-ENTRY FORM ONLY

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2010B Bonds is excluded from gross income for federal income tax purposes, except interest on a Series 2010B Bond for any period during which that Series 2010B Bond is held by a "substantial user" or a "related person", as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended, (ii) interest on the Series 2010B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010 Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Interest on the Series 2010B Bonds may be subject to certain federal taxes imposed only on certain corporations. INTEREST ON THE SERIES 2010A BONDS AND THE SERIES 2010C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. For a more complete discussion of the tax aspects, see "TAX MATTERS" herein.

OFFICIAL STATEMENT

MEDINA COUNTY PORT AUTHORITY

MEDINA COUNTY FIBER NETWORK

$5,090,000
TAXABLE DEVELOPMENT REVENUE BONDS, SERIES 2010A (MEDINA COUNTY FIBER NETWORK PROJECT) (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

$7,925,000
DEVELOPMENT REVENUE BONDS, SERIES 2010B (MEDINA COUNTY FIBER NETWORK PROJECT) (RECOVERY ZONE FACILITY BONDS)

$1,420,000
TAXABLE DEVELOPMENT REVENUE BONDS, SERIES 2010C (MEDINA COUNTY FIBER NETWORK PROJECT)

Dated: Date of Delivery

Due: December 1 or June 1, as shown on the inside cover hereof

The Medina County Port Authority's (the "Authority") $5,090,000 Taxable Development Revenue Bonds, Series 2010A (Medina County Fiber Network Project) (Recovery Zone Economic Development Bonds) (the "Series 2010A Bonds"), $7,925,000 Development Revenue Bonds, Series 2010B (Medina County Fiber Network Project) (Recovery Zone Facility Bonds) (the "Series 2010B Bonds") and $1,420,000 Taxable Development Revenue Bonds, Series 2010C (Medina County Fiber Network Project) (the "Series 2010C Bonds," and, together with the Series 2010A Bonds and Series 2010B Bonds, the "Series 2010 Bonds") will be issued under a Trust Indenture dated as of December 1, 2010 (the "Trust Indenture" or the "Indenture") between the Authority and the Trustee, and resolutions of the Board of Directors of the Authority, including Resolution No. 2010-06 adopted by the Board of Directors on August 17, 2010, as supplemented and amended. The Series 2010 Bonds are being issued to pay the costs of the acquisition, construction, installation, equipment and development of an approximately 154-mile fiber optic cable network in Medina County, Ohio (the "Project"). See "THE PROJECT." The Series 2010 Bonds will be secured under the Indenture by certain pledged revenues (the "Pledged Revenues"), including (i) a pledge of certain revenues, including rent paid under one or more leases or use agreements, (ii) a pledge and assignment by the Authority to the Trustee of federal subsidy payments related to the Series 2010A Bonds received by the Authority and (iii) a bond reserve fund established under the Indenture (the "Bond Reserve Fund") into which the Authority will deposit proceeds of the Series 2010 Bonds equal to the maximum annual debt service of the Series 2010 Bonds. See "SECURITY AND SOURCES OF PAYMENT" herein.

Medina County, Ohio (the "County") has agreed, subject to appropriation, to contribute certain non-tax revenues of the County (the "Non-Tax Revenues") in an amount sufficient to replenish deficiencies in the Bond Reserve Fund in the event the Trustee draws upon the Bond Reserve Fund in accordance with the Trust Indenture to pay debt service on the Series 2010 Bonds. See "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund; County Contribution Agreement" herein.

The Series 2010 Bonds shall be subject to redemption prior to maturity as set forth herein. See "SERIES 2010 BONDS - Redemption Provisions" herein.

The Series 2010 Bonds are issuable only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2010 Bonds will be payable semiannually on June 1 and December 1 of each year, commencing June 1, 2011. The Series 2010 Bonds will be negotiable instruments issuable as fully registered bonds, under a book entry system, and will be registered initially in the name of The Depository Trust Company ("DTC") or its nominee, CEDE & CO. There will be no distribution of Series 2010 Bonds to the ultimate purchasers of book-entry interests in the Series 2010 Bonds. The Series 2010 Bonds will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described herein. For further information regarding the book entry system and transfer of book entry interests by such ultimate purchasers, see "THE SERIES 2010 BONDS - Book Entry System" herein. While the Series 2010 Bonds are held in a book entry system, principal of and premium, if any, and interest (collectively, "Bond Service Charges") on the Series 2010 Bonds will be payable by The Huntington National Bank, as Trustee (the "Trustee") by check or wire transfer to the registered owner (DTC, a successor or its nominee), provided, that on the final maturity or on the redemption of the entire principal amount of a Series 2010 Bond, payment of the Bond Service Charges on that Series 2010 Bond will be payable only upon presentation and surrender of such Series 2010 Bond at the designated corporate trust office of the Trustee or paying agent.

The Series 2010 Bonds and the Bond Service Charges thereon will be special obligations of the Authority and will be payable solely from Pledged Revenues. Nothing in the Series 2010 Bonds, the Trust Indenture or any other document will represent or constitute a general obligation or debt of the Authority, the State of Ohio, the County, or any political subdivision thereof, and neither the faith nor credit, nor the taxing power, of the Authority, the County, the State of Ohio or any political subdivision thereof, are pledged for the payment of Bond Service Charges on, any Series 2010 Bonds. The obligation of the County to reinstate the Bond Reserve Fund from Non-Tax Revenues after a draw to pay debt service with respect to the Series 2010 Bonds is subject to the lawful appropriation of funds by the Board of County Commissioners of the County to make such contributions, and is not a debt of the County subject to payment from the general revenues or taxes of the County or within the meaning of any constitutional or statutory provision.

The Series 2010 Bonds are offered when, as and if issued, subject to the opinion as to legality of Squire, Sanders & Dempsey L.L.P., Bond Counsel. Certain other legal matters will be passed upon for the Authority and the County by Squire, Sanders & Dempsey L.L.P., for the Underwriter by Roetzel & Andress, A Legal Professional Association, Akron, Ohio; and for the Medina County Economic Development Corporation by Ralph A. Berry, Jr. It is expected that delivery of the Series 2010 Bonds in definitive form will be made through DTC on or about December 30, 2010. The date of this Official Statement is December 14, 2010, and the information herein speaks only as of that date.

BAIRD

MEDINA COUNTY PORT AUTHORITY

$5,090,000
TAXABLE DEVELOPMENT REVENUE BONDS, SERIES 2010A (MEDINA COUNTY FIBER NETWORK PROJECT) (RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS)

$7,925,000
DEVELOPMENT REVENUE BONDS, SERIES 2010B (MEDINA COUNTY FIBER NETWORK PROJECT) (RECOVERY ZONE FACILITY BONDS)

$1,420,000
TAXABLE DEVELOPMENT REVENUE BONDS, SERIES 2010C (MEDINA COUNTY FIBER NETWORK PROJECT)

PRINCIPAL MATURITY SCHEDULE

$5,090,000 SERIES 2010A BONDS

$1,370,000 6.750% Term Bonds due December 1, 2020, Price 100.000%, CUSIP** 584730 AD7

$3,720,000 8.000% Term Bonds due December 1, 2030, Price 97.564%, CUSIP** 584730 AA3

$7,925,000 SERIES 2010B BONDS

$1,710,000 5.125% Term Bonds due December 1, 2020, Price 99.038%, CUSIP** 584730 AE5

$2,495,000 5.625% Term Bonds due December 1, 2025, Price 97.775%, CUSIP** 584730 AF2

$3,720,000 6.000% Term Bonds due December 1, 2030, Price 97.167%, CUSIP** 584730 AB1

$1,420,000 SERIES 2010C BONDS

$1,420,000 5.500% Term Bonds due June 1, 2016, Price 100.000%, CUSIP** 584730 AC9

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2010 Bonds identified on the cover hereof. No person has been authorized by the Authority, Robert W. Baird & Co. Incorporated (the "Underwriter"), or the County of Medina, Ohio (the "County') to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been given or authorized by any of the foregoing. The information set forth herein has been obtained from the Authority, the County and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to its date. Statements contained in this Official Statement which involve estimates, forecasts, or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as representations of facts.

During the offering and prior to the sale of the Series 2010 Bonds, any person who receives this Official Statement may direct questions to and receive answers from Brian Cooper, Vice President, Robert W. Baird & Co. Incorporated, 10 West Broad Street, Suite 2500, Columbus, Ohio 43215, and who may be contacted at (614) 629-6956.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Huntington National Bank, by acceptance of its duties as trustee under the Trust Indenture with the Authority, has not reviewed this Official Statement and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility of the project or any related activities.

The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

Upon issuance, the Series 2010 Bonds will not be registered by the Authority under the Securities Act of 1933, as amended, or the securities law of any state, and will not be listed on any stock or other securities exchange. The Series 2010 Bonds have not been approved or disapproved by the Securities and Exchange Commission, nor has any other federal, state, municipal or other governmental entity or agency, except the board of directors of the Authority, authorized this Official Statement or approved the Series 2010 Bonds for sale. **This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of, the Series 2010 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.**

In connection with this offering, the Underwriter may overallot or effect transactions, which stabilize or maintain the market price of the Series 2010 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2010 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering price stated on the cover page hereof and said public offering price may be changed from time to time by the Underwriter.

CUSIP data on the cover page hereof has been provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP data is being provided solely for the convenience of the owners of the Series 2010 Bonds only at the time of issuance of the Series 2010 Bonds, and the Authority does not make any representation with respect to such data or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP data for a specific maturity is subject to being changed after the issuance of the Series 2010 Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2010 Bonds.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT

Brief descriptions of the Authority, the County, the Project, the Series 2010 Bonds and the Trust Indenture (as these terms are defined herein) are included in this Official Statement, including the Appendices hereto. Terms not defined herein shall have the meanings ascribed to them in Appendix A.

Series 2010 Bonds

This Official Statement is furnished in connection with the offering of $5,090,000 Taxable Development Revenue Bonds, Series 2010A (Medina County Fiber Network Project) (Recovery Zone Economic Development Bonds) (the “Series 2010A Bonds”), $7,925,000 Development Revenue Bonds, Series 2010B (Medina County Fiber Network Project) (Recovery Zone Facility Bonds) (the “Series 2010B Bonds”) and $1,420,000 Taxable Development Revenue Bonds, Series 2010C (Medina County Fiber Network Project) (the “Series 2010C Bonds,” and, together with the Series 2010A Bonds and Series 2010B Bonds, the “Series 2010 Bonds”). The Authority, a port authority and a body corporate and politic in and of the State of Ohio, proposes to issue the Series 2010 Bonds pursuant to and in accordance with the Constitution and the laws of the State of Ohio, including, without limitation, Section 13 of Article VIII, Ohio Constitution and the provisions of Sections 4582.21 through 4582.59 of the Ohio Revised Code (the “Act”).

The Series 2010 Bonds will be issued by the Authority under a Trust Indenture dated as of December 1, 2010 (the “Trust Indenture” or the “Indenture”) between the Authority and The Huntington National Bank, as Trustee (the “Trustee”). The Series 2010 Bonds are being issued to provide funds (i) to pay costs of the Project (defined herein), (ii) to provide funds for deposit into the Capitalized Interest Account, (iii) to provide funds for deposit into the Bond Reserve Fund in an amount equal to the Bond Reserve Requirement for the Series 2010 Bonds, and (iv) to pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds. (See “SOURCES AND USES FUNDS” herein). The Trustee has also been appointed as the initial registrar and paying agent (the “Registrar”) for the Series 2010 Bonds. The Series 2010 Bonds will be dated, mature, bear interest, and be subject to redemption or acceleration prior to scheduled maturity, as more particularly described herein.

Security and Sources of Payment; County Contribution Agreement

The Series 2010 Bonds will be special obligations of the Authority and will be payable solely from and secured by the Pledged Revenues, including any moneys in the Special Funds. (See “SECURITY AND SOURCES OF PAYMENT” herein). Under the Trust Indenture, the Authority will cause the Bond Reserve Fund to be funded with the proceeds of the Series 2010 Bonds in an amount equal to the Bond Reserve Requirement of the Series 2010 Bonds. The Trustee is authorized to draw on the Bond Reserve Fund to the extent necessary to provide moneys sufficient to pay Bond Service Charges on the Series 2010 Bonds on any Interest Payment Date or Principal Payment Date, as applicable. The County has agreed, subject to appropriation, to reinstate the Bond Reserve Fund after any draw to pay Bond Service Charges (a “County Contribution”) from available non-tax revenues of the County (the “Non-Tax Revenues”) pursuant to a Bond Reserve Fund Non-Tax Revenue Contribution Agreement dated as of November 8, 2010 (the "County Contribution Agreement") among the Authority, the County and the Trustee. A conformed copy of the County Contribution Agreement is attached to this Official Statement as APPENDIX B. (See "SECURITY AND SOURCES OF PAYMENT" herein). For a further description of the County, see APPENDIX C herein.

THE OBLIGATION OF THE COUNTY TO MAKE COUNTY CONTRIBUTIONS SHALL BE SUBJECT TO THE LAWFUL APPROPRIATION OF FUNDS BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY TO MAKE SUCH PAYMENTS, AND WILL NOT BE A DEBT OF THE COUNTY SUBJECT TO PAYMENT FROM THE GENERAL REVENUES OR TAXES OF THE COUNTY OR WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. Under the terms of the County Contribution Agreement, each County Contribution made by the County to the Authority will be deemed a loan by the County to the Authority. The Authority has agreed to repay the principal of and interest on each County loan from the Pledged Revenues, however, under the Trust Indenture, all payments on any County loan shall be subordinated to the payment of Bond Service Charges on the Series 2010 Bonds.

NOTHING IN THE SERIES 2010 BONDS, THE TRUST INDENTURE OR ANY OTHER DOCUMENT WILL REPRESENT OR CONSTITUTE A GENERAL OBLIGATION OR DEBT OF THE AUTHORITY, THE COUNTY, THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH NOR CREDIT, NOR THE TAXING POWER, OF THE AUTHORITY, THE COUNTY, THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION THEREOF, WILL BE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST AND ANY PREMIUM ON, ANY SERIES 2010 BOND.

The Project

The Series 2010 Bonds are being issued for the purpose of providing funds to pay costs of the acquisition, construction, installation, equipment and development of a new fiber optic cable network ("Project") located in Medina County, Ohio (the "County") and neighboring portions of Cuyahoga and Summit Counties and available for lease to and use by governmental, non-profit, civic and business users ("Users") throughout the County and along its route pursuant to lease or use agreements ("User Leases"). The Project will include a core network consisting of approximately 154 +/- miles of dark fiber, together with all necessary network equipment, in a two-loop configuration with lateral cable as necessary to connect all major population centers in the County with a new 144-strand (72 paired strands) fiber optic cable, and to connect such loops to the existing fiber networks in the City of Wadsworth, Ohio and in the neighboring Ohio counties of Cuyahoga and Summit (collectively, the "Core Network"), together with certain related laterals and other fiber and network facilities expected to be required for User connections and leased to and used by Users ("Laterals" and "User Access Facilities," and together with the Core Network, collectively, the "Fiber Network").

Proceeds of the Series 2010 Bonds will also be used to fund amounts required to be deposited into the Capitalized Interest Account (to fund interest on the Series 2010 Bonds through the June 1, 2012 Interest Payment Date), provide funds for deposit into the Bond Reserve Fund in an amount equal to the Bond Reserve Requirement for the Series 2010 Bonds, and pay certain expenses incurred in connection with the issuance of the Series 2010 Bonds and the implementation of the Project (See "SOURCES AND USES FUNDS" herein). Costs of the Fiber Network are also expected to be paid from $1,594,380 of a $44,794,046 Broadband Technology Opportunities Program grant awarded to OneCommunity, an Ohio nonprofit corporation ("OneCommunity") by the United States Department of Commerce Telecommunications and Information Administration (the "Fiber Network Grant"). (See "THE PROJECT" herein).

The Fiber Network will be owned by the Authority, which will contract for the acquisition, construction, installation, equipment and development of the Core Network pursuant to a fixed price Fiber Facilities Construction Agreement dated as of the date of issuance of the Series 2010 Bonds ("Construction Agreement") between the Authority, as owner, and OneCommunity, as general contractor. OneCommunity will secure a performance bond to insure its performance. The Authority will lease a portion of the Project (including ninety-six (96) fiber strands) intended and available for use in promoting business and economic development and other non-governmental use (the "Leased Portion" or "Non-Governmental Portion") to the Medina County Economic Development Corporation, an Ohio nonprofit community improvement corporation (the "Development Corporation") under a lease and security agreement (the "Development Corporation Lease") between the Authority and the Development Corporation. The remaining portion of the Project (the "Governmental Portion") (including forty-eight (48) fiber strands) will be used by the Authority solely for lease to and use by governmental Users. The Authority and the Development Corporation will provide for the management of the Project upon completion of construction, initially pursuant to a Network Maintenance, Management and Services Agreement dated as of the date of issuance of the Series 2010 Bonds (the "Initial Management Agreement") with OneCommunity, as the initial Manager of the Fiber Network.

Upon completion of the Core Network, the Development Corporation expects to lease to OneCommunity twelve (12) fiber strands (six paired strands) within the Non-Governmental Portion for approximately 100 miles (the "OneCommunity Fibers," and the remainder of the Non-Governmental Portion of the Project not leased to OneCommunity, the "Leased Fibers") for 20 years pursuant to a Dark Fiber IRU Agreement (the "OneCommunity Lease") between the Development Corporation and OneCommunity. The OneCommunity Lease will provide that OneCommunity shall operate the OneCommunity Portion solely for use in furtherance of its authorized purposes, but not within the County, except to the extent specifically authorized in the OneCommunity Lease.

The Authority and the Development Corporation, working with and through the Manager, will market the balance of the Project to prospective Users in Medina County and along the route of the Fiber Network that may enter into User Leases with the Authority as to the Governmental Portion or with the Development Corporation as to the Leased Fibers. User Leases will be subject to approval of the Authority's Board of Directors (the "Authority Board") or the Development Corporation's Board of Trustees, as required. The Authority expects to utilize the Governmental Portion for User Leases with the County, and municipalities, townships, school districts, governmental higher education providers, libraries and other governmental users located within the County or along the Fiber Network route. The

Development Corporation expects to utilize the Leased Fibers for User Leases with private education and health care providers, businesses, both for-profit and not-for-profit, and other Users. Pursuant to the User Leases, Users will agree to pay such lease rentals and other charges (including maintenance and common charges) as are established by the Authority Board and the Development Corporation.

Bondholders' Risks

The Series 2010 Bonds are special obligations of the Authority, are an obligation of the Authority solely to the extent of Pledged Revenues, and are secured by the Trust Indenture and the County Contribution Agreement. In the County Contribution Agreement, the County has agreed, subject to appropriation, to make County Contributions after being given notice of any draw on the Bond Reserve Fund to pay Bond Service Charges. See APPENDIX B – Conformed Copy of County Contribution Agreement.

The County's obligation to make such County Contributions is subject to appropriation by the County's Board of Commissioners of available Non-Tax Revenues. The County has the right not to appropriate or otherwise make legally available the County Contributions. While it is the County's intent to appropriate available Non-Tax Revenues toward any necessary County Contribution, each County Contribution is subject to appropriation by future County Boards of Commissioners. In the event that the County does not make a required appropriation to reinstate the Bond Reserve Fund after a shortfall resulting in a draw on the Bond Reserve Fund, the Trustee (and the Holders of the Series 2010 Bonds) will have no right to compel the County to make the applicable County Contribution. See "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund; County Contribution Agreement – County Appropriations Procedures."

Except to the extent of any Direct Payments (payable by the federal government based on a percentage of the interest cost on the Series 2010A Bonds), any County Contributions (payable only to reinstate the Bond Reserve Fund to the Bond Reserve Requirement after a draw to pay Bond Service Charges), and any amounts on deposit in the Special Funds, the Pledged Revenues are generally comprised of only the Net Project Revenues of the Fiber Network. Those Net Project Revenues include the rents and other charges to be paid under the Development Corporation Lease and under the User Leases of the Governmental Portion, but less all Operating Expenses of the Fiber Network. The obligations of the Development Corporation under the Development Corporation Lease are non-recourse limited obligations, and are an obligation of the Development Corporation only to the extent of the rents and other charges to be paid under User Leases of the Leased Portion.

Neither the Authority nor the Development Corporation has any prior experience with constructing or operating a fiber optic cable network, and there can be no assurance that the rents and charges to be paid to the Authority, after payment of Operating Expenses, will be sufficient to pay Bond Service Charges when due. Therefore, Holders of the Series 2010 Bonds should look to the County's obligation under the County Contribution Agreement, upon appropriation, to make County Contributions to reinstate the Bond Reserve Fund, if other available sources pledged to payment of Bond Service Charges (other than the Bond Reserve Fund) are insufficient to make those payments when due. See APPENDIX B – Conformed Copy of County Contribution Agreement.

See “RATINGS” herein for a discussion of certain risks related to a change in the rating on the Series 2010 Bonds.

The foregoing discussion is not meant to be a general or inclusive discussion of all possible, material or substantial risks in purchasing and owning the Series 2010 Bonds. Purchasers of Series 2010 Bonds should consult their own investment advisors to discuss the risks described above and other possible risks which might result from purchasing and owning the Series 2010 Bonds.

SERIES 2010 BONDS

General

The Series 2010 Bonds will be dated their date of delivery and will bear interest, computed on the basis of a 360-day year consisting of twelve 30-day months, from such date, at the rates and mature in the amounts and at the times set forth on the inside cover page hereof. Principal of and premium, if any, on the Series 2010 Bonds will be payable when due. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2011 (each, an “Interest Payment Date”). The Series 2010 Bonds are issuable as fully registered Series 2010 Bonds, in denominations of $5,000 principal amount each and any integral multiple thereof.

Initially, while the Series 2010 Bonds are held in a book entry system, all principal of and premium, if any, on the Series 2010 Bonds will be payable by the Trustee by check or wire transfer to The Depository Trust Company (“DTC”), as the registered owner and Depository, or to its successor or its nominee, and all interest on the Series 2010 Bonds will be payable by the Trustee by check or wire transfer transmitted on any Interest Payment Date to DTC, or to its successor or its nominee, that was the Holder of that Series 2010 Bond at the close of business on the Regular Record Date applicable to that Interest Payment Date; provided, that on the final maturity or on the redemption of the entire principal amount of a Series 2010 Bond, payment of the principal of, premium, if any, and interest on that Series 2010 Bond will be payable only upon presentation and surrender of that Series 2010 Bond at the designated corporate trust office of the Trustee or paying agent.

If the Series 2010 Bonds are not held by a Depository, principal of and premium, if any, on the Series 2010 Bonds will be payable upon presentation and surrender at the designated corporate trust office of the Trustee or any paying agent, and interest on the Series 2010 Bonds will be paid by check or draft mailed to the address of the registered owner as such address appeared on the applicable Regular Record Date. The Trustee and any Holder, with approval of the Authority, may enter into an agreement otherwise providing for making payments of Bond Service Charges (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in the Indenture and the Series 2010 Bonds. The Regular Record Date shall be the 15th day of the calendar month immediately preceding such Interest Payment Date. If and to the extent any interest on any Series 2010 Bonds is not paid on any Interest Payment Date, that interest will cease to be payable to the person who was the Holder of that Series 2010 Bond as of the close of business on the applicable Regular Record Date. Whenever money becomes available for the payment of that interest, the Trustee will establish a special record date for the payment of that interest (the “Special Record Date”), which will not be more than 15 nor fewer than 10 days prior to the date of the proposed payment, and the Trustee will cause notice of the proposed payment and Special Record Date to be mailed by first class mail to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date. Such notice having been so mailed, that interest will be payable to the persons who are the Holders of the Series 2010 Bonds at the close of business on that Special Record Date.

Book Entry System

The Depository Trust Company, New York, New York will act as securities depository for the Series 2010 Bonds. The Series 2010 Bonds will be initially issued and issuable only as fully registered securities, one for each maturity and registered in the name of Cede & Co. as partnership nominee of DTC. The fully registered Series 2010 Bonds will be deposited with and retained in the custody of DTC.

For ease of reference in this and other discussions, reference to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

For all purposes under the bond proceedings DTC will be the owner or holder of the Series 2010 Bonds, except that persons other than DTC may be considered an owner or holder under the Continuing Disclosure Agreements. (See "CONTINUING DISCLOSURE AGREEMENTS").

Purchases of book entry interests in the Series 2010 Bonds may be made through brokers and dealers who are, or act through, participants in DTC. Book entry interests in the Series 2010 Bonds will be available for purchase in the principal amounts of $5,000 or any integral multiple thereof.

Owners of book entry interests in the Series 2010 Bonds (book entry interest owners) will not receive or have the right to receive physical delivery of Series 2010 Bonds, and will not be or be considered by the Authority, the Trustee or the Registrar to be, and will not have any rights as, owners or holders of Series 2010 Bonds under the Series 2010 Bond proceedings or the Indenture, except for rights that they may have as beneficial owners or holders under the Continuing Disclosure Agreements.

DTC is a limited-purpose trust company organized under, and a "banking organization" within the meaning of, the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (Direct Participants) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates.

Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct

Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Series 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the book entry interest owner) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Book entry interest owners will not receive written confirmation from DTC of their purchase, but are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the book entry interest owner entered into the transaction. Transfers of ownership interests in the Series 2010 Bonds are to be accomplished by entries made on the books of participants acting on behalf of book entry interest owners. Book entry interest owners will not receive certificates representing their ownership interests in Series 2010 Bonds, except in the event that use of the book entry system for the Series 2010 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2010 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2010 Bonds with DTC and their registration in the name of Cede & Co. effect no change in actual ownership of book entry interests. Generally, DTC has no knowledge of the actual book entry interest owners (or beneficial owners) of the Series 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2010 Bonds are credited, which may or may not be the book entry interest owners. The participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to book entry interest owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Debt service payments on the Series 2010 Bonds will be made by the Trustee to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by participants to book entry interest owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of debt service to DTC is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, disbursement of such payments to Indirect Participants will be the responsibility of Direct Participants, and disbursement of such payments to the book entry interest owners will be the responsibility of Direct Participant and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2010 Bonds at any time by giving reasonable notice to the Authority or the Trustee. The Authority may remove or replace the then Depository upon 30 days' written notice to the Depository and the Trustee. If the Authority does not or is unable to replace the Depository, the Authority and the Trustee, after the Trustee has made provision for notification of the owners of book entry interests by appropriate notice to the then Depository, will withdraw the Series 2010 Bonds from the Depository and authenticate and deliver bond certificates in fully registered form to the assignees of the Depository or its nominee.

The information above in this section concerning DTC and DTC's book entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy of any such information.

Direct Participants and Indirect Participants may impose service charges on book entry interest owners in certain cases. Purchasers of book entry interests should discuss that possibility with their brokers.

The Authority and the Trustee have no role in the purchases, transfers or sales of book entry interests. The rights of book entry interest owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Book entry interest owners may want to discuss with their legal advisers the manner of transferring or pledging their book entry interests.

The Authority and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Authority can not and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the book entry interest owners payments of debt service on the Series 2010 Bonds made to DTC as the registered owner, or any redemption or other notices, or that they will do so on a timely basis, or that DTC will serve and act in a manner described in this Official Statement.

Transfer and Exchange

Except as provided with respect to Series 2010 Bonds in book entry form, the Series 2010 Bonds are transferable only upon presentation and surrender at the designated corporate trust office of the Registrar. Except as provided with respect to Series 2010 Bonds in book entry form, Series 2010 Bonds may be exchanged for Series 2010 Bonds of the same tenor and of the same maturity for a like aggregate principal amount in authorized denominations. The Trustee shall not be required to transfer or exchange any Series 2010 Bond during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Series 2010 Bond and ending at the close of business on the day of such mailing or to transfer or exchange any Series 2010 Bonds selected for redemption, in whole or in part. No charge shall be imposed by the Authority or the Trustee on the Holder in connection with any transfer or exchange, except for taxes or governmental charges related thereto.

Redemption Provisions

Mandatory Sinking Fund Redemption

The Series 2010A Bonds due December 1, 2020 (the "2020 Series 2010A Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows:

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2016	$125,000	December 1, 2018	$140,000
December 1, 2016	130,000	June 1, 2019	140,000
June 1, 2017	130,000	December 1, 2019	145,000
December 1, 2017	135,000	June 1, 2020	145,000
June 1, 2018	135,000		

The remaining principal amount of the 2020 Series 2010A Term Bonds ($145,000) is payable at maturity on December 1, 2020 if not previously redeemed.

The Series 2010A Bonds due December 1, 2030 (the "2030 Series 2010A Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows:

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2021	$150,000	June 1, 2026	$185,000
December 1, 2021	155,000	December 1, 2026	190,000
June 1, 2022	155,000	June 1, 2027	195,000
December 1, 2022	160,000	December 1, 2027	200,000
June 1, 2023	165,000	June 1, 2028	205,000
December 1, 2023	170,000	December 1, 2028	210,000
June 1, 2024	170,000	June 1, 2029	210,000
December 1, 2024	175,000	December 1, 2029	215,000
June 1, 2025	180,000	June 1, 2030	220,000
December 1, 2025	185,000		

The remaining principal amount of the 2030 Series 2010A Term Bonds ($225,000) is payable at maturity on December 1, 2030 if not previously redeemed.

The Series 2010B Bonds due December 1, 2020 (the "2020 Series 2010B Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows (except as described under "THE SERIES 2010 BONDS – Redemption Provisions – Extraordinary Redemption – Extraordinary Optional Redemption of Series 2010A Bonds and Series 2010B Bonds from Excess Proceeds; Reduction of Principal Payments on Series 2010B Bonds"):

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2013	$ 25,000	June 1, 2017	$155,000
December 1, 2013	25,000	December 1, 2017	155,000
June 1, 2014	25,000	June 1, 2018	165,000
December 1, 2014	25,000	December 1, 2018	170,000
June 1, 2015	25,000	June 1, 2019	175,000
December 1, 2015	25,000	December 1, 2019	180,000
June 1, 2016	25,000	June 1, 2020	190,000
December 1, 2016	145,000		

The remaining principal amount of the 2020 Series 2010B Term Bonds ($200,000) is payable at maturity on December 1, 2020 if not previously redeemed.

The Series 2010B Bonds due December 1, 2025 (the "2025 Series 2010B Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows (except as described under "THE SERIES 2010 BONDS – Redemption Provisions – Extraordinary Redemption – Extraordinary Optional Redemption of Series 2010A Bonds and Series 2010B Bonds from Excess Proceeds; Reduction of Principal Payments on Series 2010B Bonds"):

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2021	$210,000	December 1, 2023	$250,000
December 1, 2021	215,000	June 1, 2024	265,000
June 1, 2022	225,000	December 1, 2024	275,000
December 1, 2022	235,000	June 1, 2025	285,000
June 1, 2023	240,000		

The remaining principal amount of the 2025 Series 2010B Term Bonds ($295,000) is payable at maturity on December 1, 2025 if not previously redeemed.

The Series 2010B Bonds due December 1, 2030 (the "2030 Series 2010B Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows (except as described under "THE SERIES 2010 BONDS – Redemption Provisions – Extraordinary Redemption – Extraordinary Optional Redemption of Series 2010A

Bonds and Series 2010B Bonds from Excess Proceeds; Reduction of Principal Payments on Series 2010B Bonds"):

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2026	$310,000	December 1, 2028	$375,000
December 1, 2026	320,000	June 1, 2029	395,000
June 1, 2027	335,000	December 1, 2029	410,000
December 1, 2027	345,000	June 1, 2030	425,000
June 1, 2028	360,000		

The remaining principal amount of the 2030 Series 2010B Term Bonds ($445,000) is payable at maturity on December 1, 2030 if not previously redeemed.

The Series 2010C Bonds (collectively with the Series 2010A Term Bonds and the Series 2010B Term Bonds, the "Term Bonds") are subject to mandatory redemption prior to maturity pursuant to the Mandatory Sinking Fund Requirements applicable thereto at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date, on the applicable Mandatory Redemption Dates, as follows:

Mandatory Redemption Date	Mandatory Sinking Fund Requirement	Mandatory Redemption Date	Mandatory Sinking Fund Requirement
June 1, 2013	$ 200,000	December 1, 2014	$ 220,000
December 1, 2013	210,000	June 1, 2015	225,000
June 1, 2014	215,000	December 1, 2015	235,000

The remaining principal amount of the Series 2010C Bonds ($115,000) is payable at maturity on June 1, 2016 if not previously redeemed.

Optional Redemption

The Series 2010A Bonds and the Series 2010B Bonds are subject to redemption on or after December 1, 2020, in whole on any date or in part on any Interest Payment Date, at the option of the Authority, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date.

Extraordinary Redemption

Extraordinary Optional Redemption of Series 2010A Bonds Upon Extraordinary Tax Event. The Series 2010A Bonds are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, on any Business Day, upon the occurrence of an Extraordinary Tax Event (hereinafter defined), at a redemption price equal to the greater of (1) 100% of the principal amount of the Series 2010A Bonds to be redeemed; and (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2010A Bonds are to be redeemed, discounted to the date on which such Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 100 basis points; plus, in each case, accrued and unpaid interest on the Series 2010A Bonds to be redeemed to the redemption date.

For purposes of the immediately preceding paragraph,

An "Extraordinary Tax Event" will have occurred if Section 1400U-2 or 6431 of the Code (pertaining to "Recovery Zone Economic Development Bonds") is modified, amended or interpreted in a manner pursuant to which the Authority's Direct Payments from the United States Treasury are reduced or eliminated.

"Treasury Rate" means, as of the redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date; provided, however, that if the period from the redemption date to maturity is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. The redemption price will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority's expense and such redemption price shall be conclusive and binding on the owners of the Series 2010A Bonds.

Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events. Series 2010 Bonds are subject to redemption from Net Proceeds (exclusive of any Net Proceeds of business interruption insurance), if Bonds (of Series selected by the Authority), are required to be redeemed by the Holders of a majority of the outstanding principal amount of the Bonds pursuant to and in accordance with the provisions of the Indenture summarized in **APPENDIX A – THE TRUST INDENTURE – Damage to or Destruction of the Project** and **– Eminent Domain** in whole on any date, or in part on any Interest Payment Date, at a redemption price of 100% of the principal amount redeemed plus any unpaid interest accrued to the redemption date. In addition, the Series 2010 Bonds are subject to redemption by the Authority, in whole at any time or in part on any Interest Payment Date, at a redemption price of 100% of the principal amount redeemed, plus any unpaid interest accrued to the redemption date if (A) the Fiber Network shall have been damaged or destroyed to such extent (i) that it cannot be reasonably expected to be restored within a period of six (6) months from the commencement of restoration to the condition thereof immediately preceding such damage or destruction, or (ii) that the Net Proceeds of any insurance received with respect to the casualty causing such damage or destruction (exclusive of any Net Proceeds of business interruption insurance) shall be insufficient to pay the costs of such restoration or (iii) that it is reasonably expected that the damage or destruction will result in the Fiber Network being prevented thereby from operating normally for a period of six (6) months or more, or (iv) that the cost of restoration thereof would exceed 90 percent of the appraised value of the Fiber Network immediately prior to the date on which such damage or destruction occurred, or (B) title to, or the temporary or permanent use of, all or a significant portion of the Fiber Network shall have been taken, directly or indirectly, under the exercise of the power of eminent domain by any governmental authority, or Person acting under governmental authority, to such extent that (i) the Fiber Network cannot be reasonably expected to be restored within a period of six (6) months from the commencement of restoration to a condition of comparable usefulness to that existing prior to such taking, (ii) that the Net Proceeds of any award received with respect to such taking shall be insufficient to pay the costs of such restoration or (iii) it is reasonably expected that such taking will result in the Fiber Network being thereby prevented from operating normally for a period of six (6) months.

Extraordinary Optional Redemption of Series 2010A Bonds and Series 2010B Bonds from Excess Proceeds; Reduction of Principal Payments on Series 2010B Bonds. In the event that there is any balance remaining in the Series 2010A Construction Subaccount, the Series 2010B Construction Subaccount or the Series 2010C Construction Subaccount at any time after the filing in accordance with Section 5.02(b) of the Indenture with the Trustee of the applicable Completion Certificate with respect to the Core Network through and including 90 days after the filing of the Completion Certificate with respect to the Project, at the option of the Authority, Series 2010A Bonds and/or Series 2010B Bonds, in principal amounts and Series directed by the Authority and approved in an opinion of Bond Counsel to the effect that such directed use of any such amounts will not adversely affect the Tax Status of any Bonds, shall be redeemed at the option of the Authority on the next succeeding Interest Payment Date occurring at least thirty-five (35) days after that direction, at a redemption price of 100% of the principal amount redeemed, plus interest accrued to the redemption date. In that event, the Authority, by notice to the Trustee, may reduce the principal payments due with respect to the Series 2010B Bonds (including Mandatory Sinking Fund Requirements) so long as the reductions are either equal for each Principal Payment Date or pro rata to the amounts due on each such date.

Selection of Series 2010 Bonds for Redemption. If fewer than all of the outstanding Series 2010 Bonds of a particular Series maturing on different dates are called for redemption at one time, those Series 2010 Bonds will be called in inverse order of their maturity, unless otherwise directed by the Authority. If fewer than all of the Series 2010 Bonds of a particular Series and single maturity are to be redeemed, the Trustee shall select by lot in any manner determined by the Trustee, the Series 2010 Bonds or portions thereof to be redeemed. The portion of any Series 2010 Bond to be redeemed shall be in the principal amount of $5,000 or some integral multiple thereof. If part but not all of a Series 2010 Bond issued in a book-entry system shall be selected for redemption, the Trustee shall give notice to the Depository or its nominee, which Depository shall have sole discretion over the selection of the beneficial interests in that Bond to be redeemed. The Authority may submit Terms Bonds previously purchased or redeemed by other than mandatory sinking fund redemption in lieu of redeeming Term Bonds of the applicable Series and maturity pursuant to Mandatory Sinking Fund Requirements in accordance with the Indenture.

Authority's Election to Redeem. Except with respect to mandatory sinking fund redemption (or a required redemption described under the caption "Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events" above), Series 2010 Bonds will be redeemed only by written notice from the Authority to the Trustee. In the event that notice of redemption is given by the Trustee to the Holders pursuant to the Indenture, there shall be deposited with the Trustee on or prior to the redemption date, funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the Series 2010 Bonds for which notice of redemption has been given.

The Authority may rescind a call for redemption (at its option) of Series 2010 Bonds if it notifies the Trustee in writing of that rescission at least ten (10) days prior to the date fixed for redemption. In the event of such a rescission the Trustee will promptly give notice of that rescission and that no redemption will occur to those persons to which the Trustee gave notice of redemption in the same manner as the redemption notice was given.

Notice of Redemption. The notice of the call for redemption of Series 2010 Bonds shall identify (i) by designation, letters, numbers or other distinguishing marks, the Series 2010 Bonds or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, (iv) the place or places where the amounts due upon redemption are payable and (v) that such notice is rescindable and similar notice will be given if rescinded. The notice shall be given by the Trustee on behalf of the Authority by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days prior to the date fixed for redemption, to the Holders of the Series 2010 Bonds subject to redemption in whole or in part at the Holder's address shown on the Register on the fifteenth day preceding that mailing. Failure to receive notice by mailing or any defect in that notice regarding any Series 2010 Bond, however, shall not affect the validity of the proceedings for the redemption of any Series 2010 Bond. So long as Series 2010 Bonds are held by DTC, DTC shall, as Bondholder, receive all notices of redemption from the Trustee, and DTC will provide a similar notice to DTC Participants for subsequent disbursement to the ultimate book entry owners of the Series 2010 Bonds. (See "THE SERIES 2010 BONDS - Book Entry System" herein).

Designation of Series 2010A Bonds and Series 2010B Bonds as "Recovery Zone Bonds"

The Series 2010A Bonds are being issued as Recovery Zone Economic Development Bonds ("RZEDBs") within the meaning of Section 1400U-2(b) of the Internal Revenue Code of 1986, as amended ("Code"). The Series 2010B Bonds are being issued as Recovery Zone Facility Bonds ("RZFBs") within the meaning of Section 1400U-3(b) of the Code. The federal American Recovery and Reinvestment Act of 2009 ("Stimulus Act") revised the Code to provide federal income tax incentives for obligations issued to finance expenditures for the purpose of promoting development or other economic activity in a "recovery zone," to provide for the issuance of RZEDBs to promote development or other economic activity in a recovery zone including financing capital expenditures paid or incurred with respect to property located in such zone and expenditures for public infrastructure and construction of public facilities located in such zone, and to provide for the issuance of RZFBs to finance the construction, reconstruction, renovation or acquisition of recovery zone property to be used in a qualified business in the recovery zone.

The County has previously designated the entire area of the County as a recovery zone for purposes of the Stimulus Act, pursuant to Resolution No. 09-0795 adopted by its Board of County Commissioners on August 24, 2009, Resolution No. 10-1041 adopted on February 22, 2010 and Resolution No. 10-1492 adopted on June 14, 2010. The anticipated route of the Project is also located in portions of Summit County, Ohio and Cuyahoga County, Ohio. Summit

County has designated the entire area of Summit County as a recovery zone for purposes of the Stimulus Act pursuant to Resolution No. 2009-323 adopted by its Council on September 14, 2009, and Cuyahoga County has designated the entire area of Cuyahoga County as a recovery zone for purposes of the Stimulus Act pursuant to a resolution adopted by its Board of County Commissioners on December 3, 2009. The Authority has designated the area in which the Project will be located as a recovery zone for purposes of the Stimulus Act pursuant to Resolution No. 2010-06 adopted by its Board of Directors on August 17, 2010.

The Authority has received direct allocations from the County of the County's RZEDB issuance authority in an amount of $2,763,000 for the Project and of the County's RZFB issuance authority in an amount of $1,423,000 for the Project. The County applied to ODOD for confirmation of additional allocations of RZEDB and RZFB issuance authority waived, or deemed by the State to have been waived, to the State by other Ohio counties and cities that had received RZEDB and RZFB allocations, and the County received confirmation from ODOD of such additional allocations by the State of RZEDB issuance authority for the Project in the amount of $2,330,000 and RZFB issuance authority for the Project in the amount of $7,360,000, which the County subsequently allocated to the Authority for the Project. The total allocation of RZEDB issuance authority available for the Project is $5,093,000 and the total allocation of RZFB issuance authority available for the Project is $8,783,000.

SECURITY AND SOURCES OF PAYMENT

Sources of Payment

The sources of funds for the payment of the Bond Service Charges on the Series 2010 Bonds are the Pledged Revenues. The "Pledged Revenues" are defined in the Trust Indenture to mean (to the extent of the Authority's interest therein): (a) the Net Project Revenues and any other payments or amounts received or to be received by or on behalf of the Authority, the Trustee or the Development Corporation pursuant to the sale, lease, use or other disposition of all or any portion of the Project, (b) the County Contributions, (c) the Direct Payments, (d) all other moneys received or to be received by the Authority, the Development Corporation or the Trustee and intended to be used for Bond Service Charges including, without limitation, all moneys and investments in the Bond Fund, (e) any moneys, investments or other assets in the Special Funds (including the Project Fund, the Authority Project Revenue Account, the Bond Fund, the Bond Reserve Fund, the Bond Administrative Expense Fund, the Replacement and Improvement Fund and the Surplus Fund), and (f) all income and profit from the investment of the foregoing moneys. Pledged Revenues does not include any moneys or investments in any Funds created under the Trust Indenture not constituting Special Funds.

Bond Reserve Fund; County Contribution Agreement

Under the Trust Indenture, the Authority will cause the Bond Reserve Fund to be initially funded with the proceeds of the Series 2010 Bonds in an aggregate amount equal to the initial Bond Reserve Requirement (maximum annual scheduled principal and interest) of the Series 2010 Bonds of $1,381,250. The Trustee is authorized to draw on the Bond Reserve Fund to the extent necessary to provide moneys sufficient to pay the Bond Service Charges on the Series 2010

Bonds on any Interest Payment Date or Principal Payment Date, as applicable. No later than 15 days after any draw by the Trustee on the Bond Reserve Fund, the Trustee is required to notify the County of such draw and of the amount necessary to restore the Bond Reserve Fund to an amount equal to the Bond Reserve Requirement on the Series 2010 Bonds. The County has agreed, subject to appropriation, to make such County Contributions to reinstate the Bond Reserve Fund from the Non-Tax Revenues pursuant to the County Contribution Agreement after any draws to pay Bond Service Charges, as further described herein.

In the County Contribution Agreement, the County will agree that, in the event that the Trustee shall notify the County that the Bond Reserve Fund has been used to pay Bond Service Charges of the Series 2010 Bonds, the County will, subject to appropriation,: (i) if practicable, promptly amend its appropriation resolution for the fiscal year in which the Bond Reserve Fund draw was made to appropriate, from Non-Tax Revenues, an amount sufficient to make a County Contribution to restore the balance of the Bond Reserve Fund to an amount equal to the Bond Reserve Requirement on the Series 2010 Bonds, and (ii) to the extent, if any, not reinstated pursuant to clause (i) above, include in its temporary appropriation resolution or its permanent appropriation resolution (if a temporary appropriation resolution is not enacted or has already been enacted) for the next succeeding fiscal year, from Non-Tax Revenues, an amount sufficient to restore the balance of the Bond Reserve Fund to an amount equal to Bond Reserve Requirement on the Series 2010 Bonds, and that, for the balance of such year, affirmatively include in the County's annual operating budget for the applicable year, a line item fully supporting the appropriation or appropriations of funds for paying the amounts payable under the County Contribution Agreement. (See "SECURITY AND SOURCES OF PAYMENT – Non-Tax Revenues" herein).

THE OBLIGATION OF THE COUNTY TO MAKE COUNTY CONTRIBUTIONS SHALL BE SUBJECT TO THE LAWFUL APPROPRIATION OF FUNDS BY THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY TO MAKE SUCH PAYMENTS, AND WILL NOT BE A DEBT OF THE COUNTY SUBJECT TO PAYMENT FROM THE GENERAL REVENUES OR TAXES OF THE COUNTY OR WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION.

Under the terms of the County Contribution Agreement, each County Contribution made by the County to the Authority will be deemed a loan from the County. The Authority has agreed to repay the principal of and interest on each such County loan from the Pledged Revenues, but all payments on the County loan shall be subordinated to the payment of the Bond Service Charges on the Series 2010 Bonds under the terms of the Trust Indenture.

NOTHING IN THE SERIES 2010 BONDS, THE TRUST INDENTURE OR ANY OTHER DOCUMENT WILL REPRESENT OR CONSTITUTE A GENERAL OBLIGATION OR DEBT OF THE AUTHORITY, THE COUNTY, THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FAITH NOR CREDIT, NOR THE TAXING POWER, OF THE AUTHORITY, THE COUNTY, THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION THEREOF, WILL BE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST AND ANY PREMIUM ON, ANY SERIES 2010 BOND.

Non-Tax Revenues

The Non-Tax Revenues of the County in its fiscal year ended December 31, 2010 are estimated to be approximately $8,618,541. The Non-Tax Revenues include all moneys of the County which are not moneys raised by taxation, including but not limited to the following: (a) charges for services and payments received in reimbursement for services; (b) payments in lieu of taxes now or hereafter authorized by State statute; (c) fines and forfeitures; (d) fees from properly imposed licenses and permits; (e) investment earnings on any funds of the County that are credited to the County's General Fund; (f) proceeds from the sale of assets; (g) rental income; (h) grants from the United States of America and the State of Ohio; and (i) gifts and donations.

The most significant amounts of Non-Tax Revenues in the County's General Fund that are pledged for these purposes are derived from Fees & Fines, Sales and Services, intergovernmental grants and reimbursements, fines and forfeitures and license and permit fees.

Historical Collections. The following table summarizes historical collections for the past ten years of certain of the more significant sources of funds identified by the County from its General Fund as Non-Tax Revenues. No assurance can be given that the full amount of such collections will be available to pay Bond Service Charges on the Series 2010 Bonds. Moreover, no assurance can be given that the collection of such Non-Tax Revenues will remain at the levels historically collected by the County. Amounts shown for 2010 are estimated as of November 1, 2010.

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County Non-Tax Revenues

Year	Fees & Fines	Sales & Services	Refunds & Other	Investment Income	Total Non-Tax Revenues
2000	$4,679,284	$922,985	$1,339,827	$3,883,184	$10,825,280
2001	5,130,481	1,003,487	1,486,592	4,001,516	11,622,076
2002	5,941,293	999,378	1,770,917	2,036,652	10,748,240
2003	6,332,406	929,596	1,761,863	1,279,539	10,303,404
2004	5,337,927	956,849	1,940,265	1,337,825	9,572,866
2005	5,686,708	986,007	1,721,873	2,375,458	10,770,046
2006	5,394,517	1,058,067	1,552,028	3,769,382	11,773,994
2007	4,955,773	1,115,262	1,674,605	4,755,654	12,501,294
2008	4,656,150	1,061,341	1,743,131	3,281,850	10,742,472
2009	4,470,409	1,032,693	2,314,856	1,765,110	9,583,068
2010(1)	$4,620,000	$1,023,451	$1,875,000	$1,100,000	$8,618,451

(1) Projected

Fee & Fines. Fees & Fines constituted approximately 45.7% of the County's Non-Tax Revenues from 2005 through 2009. These moneys are derived primarily from fines, fees and costs for the operation of the various courts pursuant to Ohio Revised Code Chapters 4513 and 4511 and Ohio Revised Code Sections 2711.21, 2335.11, and 2335.21.

Sales & Services. From 2005 through 2009, approximately 9.5% of the County's Non-Tax Revenues identified above was derived from charges for services. The revenue derived from charges for services comes primarily from the following:

a) fees charged by the County Treasurer and the County Auditor for the collection of taxes for all of the political subdivisions within the County, as authorized by Ohio Revised Code Sections 321.26, 321.27 and 5721.04;

b) fees charged by the Board of Elections of candidates running for offices and charges to political subdivisions for election services provided at polling places authorized by Ohio Revised Code Sections 3501.17, 3513.10 and 3513.261;

c) County Auditor property transfer fees on the conveyance of real property charged pursuant to Ohio Revised Code Sections 319.202 and 319.54(F)(3);

d) County Auditor filing, garnishment, photocopying and other administrative fees authorized by Ohio Revised Code Sections 319.54, 325.27 and 325.31;

e) fees charged by the County Recorder for recording, certifying and indexing instruments, deeds and mortgages authorized by Ohio Revised Code Sections 317.32 and 1309.40 to 1309.43;

f) fees charged by the Clerk of Courts and various courts for arbitrations, child support administration and child and school placements, and various filing fees charged pursuant to Ohio Revised Code Sections 1548.10, 2303.20, 2151.357 and 2151.36;

g) any excess amounts in the Certificate of Title Administration Fund that are transferred to the County's General Fund;

h) County Sheriff fees permitted by Ohio Revised Code Section 311.17;

i) Coroner fees for reports and records permitted by Ohio Revised Code Section 313.10;

j) fees for housing federal and state prisoners in the County jail pursuant to County Board Resolutions 962234 and 962235;

k) chargebacks to federal agencies and County departments for providing General Fund services authorized by Federal Office of Management and Budget Circular A-87 and United States Department of Health and Human Services Circular OASC-10 and Chapter 1000 of the Ohio Department of Human Services Administrative Procedures Manual (APMTL — 182);

l) fees for collection of delinquent child support payments authorized by Ohio Revised Code Section 2301.35(c); and

m) other charges for services.

Investment Earnings. From 2005 through 2009, the amount of investment income transferred by the County to its General Fund constituted over 28.2% of the County's Non-Tax Revenue identified above. The County Treasurer invests County funds pursuant to Ohio Revised Code Chapter 135, and the County then transfers funds from its Investment Earnings Trust and Agency Account and other interest earning accounts to its General Fund in such amounts as the County deems appropriate. Such amounts have varied widely from year to year, and no assurances can be given that rates of return on future investments of the County's funds will be as high as those experienced during prior periods.

Refunds & Other. From 2005 through 2009, intergovernmental grants and reimbursements and other revenues constituted approximately 16.6% of the County's Non-Tax Revenues. This revenue is derived primarily from State reimbursements for costs associated with operating the Public Defender's Commission and providing indigent legal services or assigned counsel pursuant to Ohio Revised Code Sections 120.18, 120.33 and 2941.51.

Other revenues include revenues from rents received for occupancy of County buildings, miscellaneous refunds and reimbursements and unclaimed funds.

County Appropriations Procedures

The Board of County Commissioners ("County Board") adopts a temporary appropriation measure in January and then, by April 1, a permanent appropriation measure for that Fiscal Year. Although called "permanent," the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission's official estimates of resources, and the County Auditor must certify that the County's appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Security

As security for the Series 2010 Bonds, the Authority has, under the Trust Indenture, assigned, pledged, and granted to the Trustee a security interest in all of the Authority's right, title and interest (except Unassigned Authority Rights) in and to (i) the County Contribution Agreement, (ii) the Pledged Revenues, (iii) all money and securities on deposit from time to time in the Special Funds, (iv) the Development Corporation Lease and each User Lease, (v) the assets financed with the proceeds of the Series 2010 Bonds, and (vi) any and all other real or personal property of every name and nature from time to time pledged, assigned or transferred, as and for additional security under the Indenture by the Authority or by anyone in its behalf, or with its written consent, to the Trustee.

Additional Bonds

Upon compliance by the Authority with the requirements of the Indenture, the Authority, with the consent of the County and the Development Corporation, may issue Additional Bonds from time to time for the purpose of (i) financing costs of additional improvements to be included in the Fiber Network, (ii) providing additional moneys, if necessary, to complete any portion of the Fiber Network for which Bonds have previously been issued, (iii) refunding or advance refunding any outstanding Bonds or (iv) any combination of (i), (ii) or (iii). The Additional Bonds may be on parity with or subordinate to any outstanding Bonds theretofore issued and to remain outstanding under the Indenture as to the security of the Indenture, the assignment of the Pledged Revenues and the Special Funds under the Indenture, and the payment of Bond Service Charges on the Bonds, as provided in the Supplemental Indenture providing for the issuance of those Additional Bonds. If Additional Bonds are to be on parity with the Series 2010 Bonds, the Authority must furnish to the Trustee prior to authentication of such Additional Bonds original executed counterparts of supplements to the County Contribution Agreement and the Development Corporation Lease securing such Additional Bonds in the same form and substance as the Series 2010 Bonds. (**See APPENDIX A – THE TRUST INDENTURE – Additional Bonds**).

Remedies of Bondholders

Remedies under the Trust Indenture available to the Trustee, and subject to certain conditions, to the Bondholders, are described in the summary of the Trust Indenture contained in Appendix A hereto. In addition to the remedies described therein, the Trustee and, subject to certain conditions, the Bondholders have remedies as secured parties in respect of the trust estate granted to the Trustee under the Trust Indenture.

Limitation Under Federal Bankruptcy Code

The rights and remedies of the Trustee and the Bondholders are subject to various provisions of Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code"), which permits, under certain circumstances, a political subdivision, public agency, or instrumentality of a state to file a voluntary petition in bankruptcy for adjustment in the repayment of debts. Generally, such a petition may be filed by a political subdivision only if the state legislature has authorized the entity to be a debtor under the Bankruptcy Code. Under Ohio law, a political subdivision may only file a petition in bankruptcy with the approval of the Tax Commissioner of the State. The Authority and the County have never sought or been granted authorization to be a debtor under the Bankruptcy Code. Should the Authority or the County ever file under the Bankruptcy Code, the rights and remedies of the Bondholders may be adversely affected.

The enforceability of the rights and remedies of the Trustee and the Bondholders may also be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies now or hereafter in effect, or be subject to principles of equity, if equitable remedies are sought.

THE PROJECT

The Fiber Network consists of a new fiber optic cable network located in the County and in neighboring portions of Cuyahoga and Summit Counties, as described above, and available for lease to and use by Users throughout the County and along the Fiber Network route pursuant to User Leases, including the Core Network consisting of approximately 154 +/- miles of new dark fiber, together with all necessary network equipment, in a two-loop configuration with lateral cable as necessary to connect all major population centers in the County with a 144-strand (72 paired strands) fiber optic cable, and to connect such loops to the existing fiber networks in the City of Wadsworth, Ohio and in the neighboring Ohio counties of Cuyahoga and Summit, together with certain Laterals and User Access Facilities expected to be required for User connections to the Fiber Network and leased to and used by Users.

The Fiber Network will be owned by the Authority and initially managed by OneCommunity. The Authority will issue the Series 2010 Bonds to pay costs of the Project. Costs of the Project may also be paid for with proceeds of the Fiber Network Grant awarded to OneCommunity. Under the Construction Agreement, OneCommunity will agree to apply the proceeds of the Fiber Network Grant to pay Project Costs and credit the amount so applied against the amount to be paid by the Authority under the Construction Agreement. In that event, the Authority will reduce the amount of Series 2010B Bond proceeds drawn from the Series 2010B Construction Subaccount. This may cause excess Series 2010B Bond proceeds to remain in the Series 2010B Construction Subaccount at completion of the Project. Under the Indenture, any amounts remaining in the Series 2010A Construction Subaccount, Series 2010B Construction Subaccount or the Series 2010C Construction Subaccount upon completion of the Project may be used for the extraordinary optional redemption of the Series 2010A Bonds and/or the Series 2010B Bonds. (See “SERIES 2010 BONDS - REDEMPTION PROVISIONS – EXTRAORDINARY OPTIONAL REDEMPTION OF SERIES 2010A BONDS AND SERIES 2010B BONDS FROM EXCESS PROCEEDS”).

The Project will be constructed and equipped for the Authority by OneCommunity pursuant to the Construction Agreement. The Authority will lease the Non-Governmental Portion of the Project to the Development Corporation under the Development Corporation Lease for use in promoting business and economic development and other non-governmental use. The Governmental Portion of the Project will be used by the Authority solely for use by Governmental Users. The Authority and the Development Corporation will provide for the management of the Project upon completion of construction pursuant to the Initial Management Agreement with OneCommunity.

Upon completion of the Project, the Development Corporation will lease the OneCommunity Fibers to OneCommunity for 20 years pursuant to the OneCommunity Lease. The OneCommunity Lease will provide that OneCommunity shall operate the OneCommunity Fibers solely for use in furtherance of its authorized purposes, but not within the County, except to the extent specifically authorized in the OneCommunity Lease.

The Authority and the Development Corporation, working with and through the Manager, will market the balance of the Project to prospective Users in Medina County and along the route of the Fiber Network that may enter into User Leases with the Authority as to the Governmental Portion or with the Development Corporation as to the Leased Fibers. User Leases will be subject to approval of the Authority’s Board of Directors (the “Authority Board”) or the Development Corporation’s Board of Trustees, as required. The Authority expects to utilize the Governmental Portion for User Leases with the County, and municipalities, townships, school districts, governmental higher education providers, libraries and other governmental users located within the County or along the Fiber Network route. The Development Corporation expects to utilize the Leased Fibers for User Leases with private education and health care providers, businesses, both for-profit and not-for profit, and other Users. Pursuant to the User Leases, Users will agree to pay such lease rentals and other charges (including maintenance and common charges) as are established by the Authority Board and the Development Corporation.

SOURCES AND USES OF FUNDS

The following tables sets forth a current estimate of the Sources and Uses for the Fiber Network Project:

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Sources	Series 2010A	Series 2010B	Series 2010C	Total
Series 2010A Bond Proceeds	$5,090,000.00	$0.00	$0.00	$5,090,000.00
Series 2010B Bond Proceeds	0.00	7,925,000.00	0.00	7,925,000.00
Original Issue Premium (Discount)	(90,619.20)	(177,351.55)	0.00	(267,970.75)
Series 2010C Bond Proceeds	0.00	0.00	1,420,000.00	1,420,000.00
RZEDB Interest Subsidy (from Closing Date through receipt of Direct Payment for June 1, 2012 Interest Payment Date)[1]	249,160.39	0.00	0.00	249,160.39
Total	**$5,248,541.19**	**$7,747,648.45**	**$1,420,000.00**	**$14,416,189.64**
Uses				
Medina Core Network	$2,444,953.33	$4,889,906.67	$0.00	$7,334,860.00
Gateway Electronics	202,529.33	405,058.67	0.00	607,588.00
Customer Premise Equipment	703,677.82	432,020.18	0.00	1,135,698.00
Customer Access Fiber	1,078,102.98	661,897.02	0.00	1,740,000.00
Other Network Project Costs (Legal, Owners Rep)	66,666.67	133,333.33	50,000.00	250,000.00
Debt Service Reserve (Maximum Annual DS)	509,000.00	774,764.84	97,485.16	1,381,250.00
Capitalized Interest	143,623.45	302,040.79	859,310.89	1,304,975.13
Estimated Transaction Costs	99,987.61	148,626.95	413,203.95	661,818.51
Total	**$5,248,541.19**	**$7,747,648.45**	**$1,420,000.00**	**$14,416,189.64**

[1] Subject to receipt of the applicable Direct Payments from the U.S. Treasury

DESCRIPTION OF THE AUTHORITY

General; Creation

The Authority is a port authority and body corporate and politic in and of the State of Ohio. The Board of County Commissioners of the County created the Authority in 2003 by resolution of the County Board adopted pursuant to the Act. The Authority was established by the County for the purpose of assisting the County with promoting projects to create jobs and employment opportunities and improve the economic welfare of the residents of the County, including projects such as development of the Fiber Network. The territorial jurisdiction of the Authority for certain purposes of the Act is coterminous with the County. The Authority currently has no employees or any substantial assets, and contracts with the Development Corporation for staffing. The Authority receives its operational funding primarily from the County, and the Authority's financial statements are currently consolidated into the County's financial statements.

Officers and Board of Directors

The Authority is governed by a nine-member board of directors appointed by the Board of Commissioners of the County to terms of four years. No member of the board of directors may serve more than two consecutive four-year terms. The officers of the Authority are elected by the board of directors each for a term of one year.

The present members and officers of the board and their board terms are set forth below:

Board Member	Term Ending December 31
Ronald Paydo, Chair	2014
William Frantz, Vice Chair	2012
James Gerspacher, Secretary	2012
Todd Gerber	2011
Dean Harris	2013
William Hutson	2014
Robert Kenderes	2013
Laurie Price	2011
Robert Trimble	2011

Powers and Mission

The Authority has all of the powers of a port authority under the Act, with the exception of those limitations imposed by the authorizing legislation adopted by the Board of Commissioners of the County at the time of formation of the Authority. Those limitations include the ability to issue voted debt, to exercise the power of eminent domain, and to levy ad valorem property taxes. The mission of the Authority is to create and sustain a competitive business environment in the County. The Authority's goals are (i) seeking innovative ways to develop, implement and enhance the County's infrastructure through creative marketing and financing projects; (ii) supporting County-wide development organizations in marketing the competitive advantages of the County; (iii) creating and retaining jobs in the County; and (iv) utilizing the powers of the Authority granted under the Act in furtherance of the Authority's mission.

LITIGATION

To the knowledge of the appropriate Authority and County officials, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2010 Bonds or any related obligations or contesting or questioning the proceedings and authority under which the Series 2010 Bonds or any related obligations have been authorized and are to be issued, sold, signed or delivered, or the validity of the Series 2010 Bonds. The Authority and the County will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Series 2010 Bonds to the Underwriter.

The Authority is not a party to any legal proceedings. The County is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to the Series 2010 Bonds or the security for the Series 2010 Bonds. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the County, have a material adverse effect on the Series 2010 Bonds or the security for the Series 2010 Bonds.

LEGAL MATTERS

Legal matters incident to the issuance of the Series 2010 Bonds and with regard to the tax status of the Series 2010 Bonds (see "TAX MATTERS") are subject to the legal opinion of Squire, Sanders & Dempsey L.L.P., whose legal services as Bond Counsel have been retained by the Authority. That legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2010 Bonds, will be delivered to the Underwriter at the time of original delivery.

The proposed text of the legal opinion is set forth as **Exhibit A** hereto. The legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. That opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

While Bond Counsel has participated in the preparation of portions of this Official Statement, it has not been engaged to confirm or verify, and will express no opinion as to, the accuracy, completeness or fairness of any statements in this Official Statement, or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Authority or the Series 2010 Bonds that may be prepared or made available by the Authority, the Underwriter or others to the holders of the Series 2010 Bonds or others.

In addition to rendering the legal opinion, Bond Counsel will assist in the preparation of and advise the Authority concerning documents for the transcript of proceedings for the Series 2010 Bonds.

TAX MATTERS

Series 2010B Bonds

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law: (i) interest on the Series 2010B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except interest on a Series 2010B Bond for any period during which that Series 2010B Bond is held by a "substantial user" or a "related person" as those terms are used in Section 147(a) of the Code; (ii) interest on the Series 2010B Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; and (iii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010B Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2010B Bonds.

The opinion on tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Authority and the Development Corporation contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2010B Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Authority's and the Development Corporation's certifications and representations or the continuing compliance with the Authority's and the Development Corporation's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2010B Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Authority or the Development Corporation may cause loss of such status and result in the interest on the Series 2010B Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2010B Bonds. The Development Corporation and, subject to certain limitations, the Authority have each covenanted to take the actions required of it for the interest on the Series 2010B Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Series 2010B Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Series 2010B Bonds or the market value of the Series 2010B Bonds.

Under the Code, interest on the Series 2010B Bonds is excluded from the calculation of a corporation's adjusted current earnings for purposes of the corporate alternative minimum tax, but interest on the Series 2010B Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2010B Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2010B Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2010B Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed the outcome of which could modify the tax treatment of obligations such as the Series 2010B Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2010B Bonds will not have an adverse effect on the tax status of interest or other income on the Series 2010B Bonds or the market value of the Series 2010B Bonds.

Prospective purchasers of the Series 2010B Bonds should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Series 2010B Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should also consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Bond Counsel's engagement with respect to the Series 2010B Bonds ends with the issuance of the Series 2010B Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the Development Corporation or the owners of the Series 2010B Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2010B Bonds, under current IRS procedures, the IRS will treat the Authority as the taxpayer and the beneficial owners of the Series 2010B Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2010B Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2010B Bonds.

Original Issue Discount on Series 2010B Bonds

Certain of the Series 2010B Bonds ("Discount Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2010B Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. A purchaser of a Discount Bond in the initial public offering at the price for that Discount Bond stated on the cover of this Official Statement who holds that Discount Bond to maturity will realize no gain or loss upon the retirement of that Discount Bond.

Owners of Discount Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID properly accruable in any period with respect to the Discount Bonds and as to other federal tax consequences and the treatment of OID for purposes of state and local taxes on, or based on, income.

Series 2010A Bonds and Series 2010C Bonds

In the opinion of Squire, Sanders & Dempsey L.L.P., Bond Counsel, under existing law, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2010A Bonds and the Series 2010C Bonds are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal, school district and joint economic development district income taxes in Ohio. An opinion to those effects will be included in the legal opinion. Bond Counsel expresses no opinion as to any other tax consequences regarding the Series 2010A Bonds and Series 2010C Bonds. INTEREST ON THE SERIES 2010A BONDS AND SERIES 2010C BONDS IS NOT EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES. THE LEGAL DEFEASANCE OF THE SERIES 2010A BONDS OR THE SERIES 2010C BONDS MAY RESULT IN A DEEMED SALE OR EXCHANGE OF THE SERIES 2010A BONDS OR THE SERIES 2010C BONDS, AS APPLICABLE, UNDER CERTAIN CIRCUMSTANCES; OWNERS OF THE SERIES 2010A BONDS AND SERIES 2010C BONDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL INCOME TAX CONSEQUENCES OF SUCH AN EVENT. PROSPECTIVE PURCHASERS OF THE SERIES 2010A BONDS OR SERIES 2010C BONDS SHOULD CONSULT WITH THEIR OWN TAX

ADVISORS AS TO THE FEDERAL, STATE AND LOCAL, AND FOREIGN TAX CONSEQUENCES OF THEIR ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SERIES 2010A BONDS OR SERIES 2010C BONDS, AS APPLICABLE.

The following discussion (under the captions "Original Issue Discount on Series 2010A Bonds" and "Backup Withholding") is generally limited to "U.S. owners," meaning beneficial owners of Series 2010A Bonds or Series 2010C Bonds that for United States federal income tax purposes are individual citizens or residents of the United States, corporations or other entities taxable as corporations created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), and certain estates or trusts with specific connections to the United States. ***Partnerships holding Series 2010A Bonds or Series 2010C Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010A Bonds or Series 2010C Bonds, as applicable (including their status as U.S. owners).***

Original Issue Discount on Series 2010A Bonds

Certain of the Series 2010A Bonds ("Discount Bonds") as indicated on the inside cover of this Official Statement were offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Bond, provided that excess equals or exceeds a statutory de minimis amount (one-quarter of one percent of the Discount Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity (or, if required by applicable Treasury Regulations, to an earlier call date)). The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the time a U.S. owner owns a Discount Bond (i) is interest includable in the U.S. owner's gross income for federal income tax purposes, and (ii) is added to the U.S. owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale, or other disposition of the Discount Bond. The effect of OID is to accelerate the recognition of taxable income during the term of the Discount Bond.

Owners of Discount Bonds should consult their own tax advisors as to the determination for federal tax purposes of the amount of OID properly accruable in any period with respect to the Discount Bonds and as to other federal tax consequences and the treatment of OID for purposes of state or local taxes on, or based on, income.

Backup Withholding

General information reporting requirements will apply to payments of principal and interest made on a Series 2010A Bond or Series 2010C Bond and the proceeds of the sale of a Series 2010A Bond or Series 2010C Bond to non-corporate holders of the Series 2010A Bonds and Series 2010C Bonds, and "backup withholding" at a rate of 28% will apply to such payments if the owner fails to provide an accurate taxpayer identification number in the manner required or fails to report all interest required to be shown on its federal income tax returns. A beneficial owner of a Series 2010A Bond or Series 2010C Bond that is a U.S. owner generally can obtain complete exemption from backup withholding by providing a properly completed IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

Non-U.S. Owners

Under the Code, interest and OID on any Series 2010A Bond or Series 2010C Bond whose beneficial owner is not a U.S. owner are generally not subject to United States income tax or withholding tax (including backup withholding) if the non-U.S. owner provides the payor of interest on those Bonds with an appropriate statement as to its status as a non-U.S. owner. This statement can be made on IRS Form W-8BEN or a successor form. If, however, the non-U.S. owner conducts a trade or business in the United States and the interest or OID on the Series 2010A Bonds and Series 2010C Bonds held by the non-U.S. owner is effectively connected with such trade or business, that interest or OID will be subject to United States income tax but will generally not be subject to United States withholding tax (including backup withholding). The foregoing is a brief summary of certain federal income tax consequences to a non-U.S. owner. ***Non-U.S. owners should consult their own tax advisors regarding the tax consequences of an investment in the Series 2010A Bonds and Series 2010C Bonds.***

Circular 230

THE FOREGOING DISCUSSION IN "TAX MATTERS" WAS NOT INTENDED OR WRITTEN BY BOND COUNSEL TO BE USED, AND IT CANNOT BE USED, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON AN OWNER OF THE SERIES 2010 BONDS. THE FOREGOING DISCUSSION IN "TAX MATTERS" WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE SERIES 2010 BONDS. EACH PROSPECTIVE PURCHASER OF THE SERIES 2010 BONDS SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEYS SECURITY

To the extent that the subject matter is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Series 2010 Bonds are lawful investments for banks, societies for savings, trust companies, savings and loan associations, deposit guaranty associations, trustees, fiduciaries, insurance companies, including domestic life and domestic not for life, trustees or other officers having charge of sinking funds or bond retirement funds of port authorities and political subdivisions, and taxing districts of the State, the commissioners of the sinking fund of the State, the administrator of workers' compensation, the state teachers retirement system, the school employees retirement system, the public employees retirement system, and the Ohio police and fire pension fund.

The Series 2010 Bonds are acceptable under Ohio law as security for the deposit of public moneys.

Owners of book entry interests in the Series 2010 Bonds should make their own determination as to such matters as legality of investment in the book entry interests or whether those book entry interests may be pledged as security.

TRANSCRIPT AND CLOSING DOCUMENTS

A complete transcript of proceedings and a certificate (described under "LITIGATION") relating to litigation will be delivered by the Authority when the Series 2010 Bonds are delivered by the Authority to the Underwriter. The Authority at that time will also provide to the Underwriter a certificate, signed by the Authority official who signs this Official Statement and addressed to the Underwriter, relating to the accuracy and completeness of this Official Statement and to its being a "final official statement" in the judgment of the Authority for purposes of SEC Rule 15c2-12.

CONTINUING DISCLOSURE AGREEMENT

The Authority, the Development Corporation and the County will each agree at the time of delivery of the Series 2010 Bonds, for the benefit of the holders and beneficial owners from time to time of the Series 2010 Bonds (or, in the case of the Development Corporation, the Series 2010B Bonds), in accordance with, and as the only obligated persons with respect to the Series 2010 Bonds (or, in the case of the Development Corporation, the Series 2010B Bonds) under, SEC Rule 15c2-12 (the "Rule"), to provide or cause to be provided such financial information and operating data ("Annual Information"), audited financial statements and notices, in such manner, as may be required for purposes of paragraph (b)(5)(i) of the Rule (the "Continuing Disclosure Agreements"), including specifically the following:

(1) To the Municipal Securities Rulemaking Board ("MSRB"), through the MSRB's Electronic Municipal Market Access System ("EMMA"), the following:

(a) The Authority will agree to provide for each Authority's Fiscal Year ending on or after December 31, 2010 (or the first year in which any Annual Information is available), not later than the 270th day following the end of each fiscal year, certain financial information and operating data related to its operation of the Fiber Network, and, if the Authority audited financial statements are not consolidated with the audited financial statements of the County, when and if available, audited financial statements of the Authority for each Fiscal Year in which the Authority's financial statements are not consolidated with the audited financial statements of the County. The Authority expects that Annual Information will be provided directly by the Authority.

(b) The Development Corporation will agree to provide for each Fiscal Year of the Project ending on or after December 31, 2010 (or the first year in which any Annual Information is available), not later than the 270th day following the end of each fiscal year, certain financial information and operating data related to its operation of the Leased Fibers.

(c) The County will agree to provide for each County Fiscal Year ending on or after December 31, 2010, not later than the 270th day following the end of each fiscal year, certain financial information and operating data of the type included herein under the captions "SECURITY AND SOURCES OF PAYMENT – Bond Reserve Fund; County Contribution Agreement" and the information and operating data of the type included in APPENDIX C hereof under the captions "Ad Valorem Property Taxes – Collections" and "- Delinquencies," "Other Major County General Fund Revenue Sources," "County Debt and Other Long-Term Obligations" and Attachments A-1 and A-2 to APPENDIX C hereof, together with information as to aggregate assessed valuation of the County and overlapping and County tax rates under "Ad Valorem Property Taxes" in APPENDIX C hereof, and, when and if available, audited financial statements of the County for Fiscal Year 2010 and each subsequent Fiscal Year. The County expects that Annual Information will be provided directly by the County.

(2) To EMMA, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events, within the meaning of the Rule, with respect to the Series 2010 Bonds:

(a) principal and interest payment delinquencies; unscheduled draws on debt service reserves reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; defeasances; ratings changes; adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2010 Bonds, or other material events affecting the tax status of the Series 2010 Bonds; tender offers; bankruptcy, insolvency, receivership or similar event of the Authority, the Development Corporation or the County; and

(b) if material, non-payment related defaults; modifications to rights of holders or beneficial owners of the Series 2010 Bonds; calls for redemption of Series 2010 Bonds; release, substitution or sale of property securing repayment of the Series 2010 Bonds; rating changes; the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; appointment of a successor or additional trustee or the change of name of a trustee.

(3) The obligated person's failure to provide the Annual Information within the time specified above.

(4) Any change in the accounting principles applied in the preparation of its annual financial statements, any change in a Fiscal Year, the County's failure to timely appropriate or pay sufficient funds to reinstate the Bond Reserve Fund in accordance with the County Contribution Agreement, and the termination of the County Contribution Agreement.

Except for the Bond Reserve Fund, the Replacement and Improvement Fund and the County Contribution Agreement, the Authority has not obtained or provided, and does not expect to obtain or provide, any other debt service reserves or credit or liquidity providers for the Series 2010 Bonds.

The obligated persons will reserve the right to amend their respective Continuing Disclosure Agreement, and to obtain the waiver of noncompliance with any provision of their respective Continuing Disclosure Agreement, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rule, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or the type of business conducted by the obligated person. Any such amendment or waiver will not be effective unless the applicable Continuing Disclosure Agreement (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the Series 2010 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the obligated person shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the obligated person that the amendment or waiver would not materially impair the interests of holders or beneficial owners of the Series 2010 Bonds or (ii) the written consent to the amendment or waiver by the holders of at least a majority of the principal amount of the Series 2010 Bonds then outstanding (or, in the case of the Development Corporation Continuing Disclosure Agreement, the written consent to the amendment or waiver by the holders of at least a majority of the principal amount of the Series 2010B Bonds then outstanding).

The Continuing Disclosure Agreements are solely for the benefit of the holders and beneficial owners from time to time of the Series 2010 Bonds (or, in the case of the Development Corporation Continuing Disclosure Agreement, the holders and beneficial owners from time to time of the Series 2010B Bonds). The exclusive remedy for any breach of a Continuing Disclosure Agreement by the applicable obligated person is to be limited to a right of holders and beneficial owners, or the Trustee, to cause proceedings in equity to be instituted and maintained to obtain the specific performance by the obligated person of its obligations under the Continuing Disclosure Agreement. Any individual holder or beneficial owner may institute and maintain, or cause to be instituted and maintained, such proceedings to require the obligated person to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any such proceedings to require the obligated person to perform any other obligation under the Continuing Disclosure Agreement (including any proceedings to contest the sufficiency of any pertinent filing) may be instituted and maintained only by the Trustee, which may institute and maintain any such proceedings in its discretion and must do so, subject to the same conditions, limitations and procedures that would apply under the Indenture if the breach were an Event of

Default under the Indenture, at the direction of Holders of at least 25% in aggregate principal amount of the Series 2010 Bonds then outstanding (or, in the case of the Development Corporation Continuing Disclosure Agreement, at the direction of Holders of at least 25% in aggregate principal amount of the Series 2010B Bonds then outstanding). Any failure of the obligated person to comply with the provisions of their respective Continuing Disclosure Agreement is not a default or failure, or an Event of Default, under the Indenture.

The performance by the Authority and the County of their respective Continuing Disclosure Agreement will be subject to their annual appropriation of any funds that may be necessary to perform it.

The Continuing Disclosure Agreements will remain in effect only for such period that the applicable Series 2010 Bonds are outstanding in accordance with their terms and the Authority, the County or the Development Corporation, as applicable, remains an obligated person with respect to the applicable Series 2010 Bonds within the meaning of the Rule. The obligation of the Authority, the County or the Development Corporation, as applicable, to provide the Annual Information and notices of the events described above will terminate, if and when the Authority, the County or the Development Corporation, as applicable, no longer remains such an obligated person.

UNDERWRITING

The Series 2010 Bonds are being purchased by Robert W. Baird & Co. Incorporated, Columbus, Ohio (the "Underwriter"), who has agreed to purchase the Series 2010 Bonds at a price of $13,950,504.25, which represents the par amount ($14,435,000.00), there being no accrued interest, less the original issue discount ($267,970.75) and less underwriter's discount ($216,525.00). The Underwriter may offer and sell the Series 2010 Bonds to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering prices. The purchase of the Series 2010 Bonds by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Series 2010 Bonds, if any are purchased. The public offering prices may be changed after the initial offering by the Underwriter.

RATING

Standard & Poor's Ratings Services ("S&P") has assigned its municipal bond rating of "A+" (negative outlook) to the Series 2010 Bonds. S&P has assigned its municipal bond rating of "AA" (negative outlook) on all of the County's outstanding general obligation bonds. The negative outlook for the Series 2010 Bonds and the County's outstanding general obligation bonds is based upon declining reserve levels in the County's General Fund. No application for a rating has been made by the Authority to any other rating service.

The rating reflects only the views of the rating organization, and any explanation of the meaning or significance of the rating may be obtained only from the rating service. The Authority and the County furnished to the rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Series 2010 Bonds, the Authority and the County. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions. There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market price of the Series 2010 Bonds.

The Authority expects to furnish the rating service with information and materials that it may request. However, the Authority assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2010 Bonds.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Official Statement with respect to the Authority has been derived by the Authority from official and other sources and is believed by the Authority to be accurate and reliable. Information other than that obtained from official records of the Authority, including information provided by the Underwriter, by the County and by and with respect to DTC, has not been independently confirmed or verified by the Authority and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent owners of the Series 2010 Bonds or book entry interests therein.

This Official Statement has been prepared and delivered by the Authority and executed for and on behalf of the Authority by its official identified below.

MEDINA COUNTY PORT AUTHORITY

By: /s/ Ronald H. Paydo
Chair

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST INDENTURE

The following is a summary of certain definitions and certain provisions of the Trust Indenture. The following descriptions of provisions of the Trust Indenture are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. The descriptions are subject to the provisions of, and are qualified in their entirety by reference to, the Trust Indenture, a copy of which is on file with the Underwriter during the initial offering period of the Series 2010 Bonds and thereafter with the Trustee at its principal corporate trust office.

DEFINITIONS

The following are definitions of certain words and terms used in this Official Statement and in this Appendix A:

"Account Control Agreement" means the Account Control Agreement between the Development Corporation and the Trustee referenced in the Indenture.

"Additional Bonds" means revenue bonds of the Authority issued pursuant to Section 2.04 of the Indenture.

"Administrative Expense Payment Date" means any date on which Administrative Expenses are to be paid pursuant to invoices delivered to the Trustee and approved for payment by the Authorized Official pursuant to the Indenture.

"Administrative Expenses" means the fees and reasonable expenses or charges of the Trustee, the Authority and the Development Corporation, and any Registrar, Paying Agent, Authenticating Agent, Continuing Disclosure Agent or other agent retained by the Authority, the Development Corporation or the Trustee to perform any duty required of it by the Indenture or a Continuing Disclosure Agreement (including, without limitation, any duties with respect to calculation of amounts required pursuant to the Indenture to be deposited in the Rebate Fund, any other amounts (other than Bond Service Charges or payments on CLPRs) required to be paid under the Indenture, County Contribution Agreement or Transaction Documents in connection with the servicing of the Bonds, and any other reasonable expenses, including legal fees, incurred by the Authority, the Development Corporation or the Trustee to comply with their obligations under the Transaction Documents.

"Annual Operating Budget" means the annual operating budget of the Fiber Network for each Fiscal Year proposed by the Authority's Manager pursuant to the Management Agreement and submitted to, approved and certified by the Authority pursuant to the Indenture.

"Authority Project Revenue Account" means the Authority Project Revenue Account in the Revenue Fund.

"Authority Project Revenues" means all revenues received by or on behalf of the Authority from or in connection with the ownership, operation, use and lease of the Fiber Network including, without limitation, any investment income realized from any investment made from any money credited to the Authority Project Revenue Account, the Rental Payments and all rates, charges, rentals and other income related to the Fiber Network and received by the Authority or accrued to the Authority, the Direct Payments and other money pledged in the Indenture, to be deposited in the Authority Project Revenue Account, all as determined (except as otherwise specified in this definition) in accordance with standard principles of governmental utility accounting, together with any other money deposited by or on behalf of the Authority in the Authority Project Revenue Account or the Bond Fund other than from other Special Funds or the proceeds of Bonds. Authority Project Revenues do not include (a) any income resulting from investment of money on deposit in the Project Fund, (b) proceeds of Bonds, or (c) proceeds of insurance (other than insurance that provides for lost Authority Project Revenues when the Fiber Network is unable to function) or eminent domain proceedings.

"Authority Surplus Account" means the Authority Surplus Account in the Surplus Fund.

"Authorized Official" means the Chair or Vice-Chair of the Authority, including anyone duly appointed and acting in any such capacity on a temporary or interim basis, or any individual designated in writing by the Chair or Vice-Chair to act as the Authorized Official or, if those positions are vacant or their incumbents are unavailable, absent or incapacitated, the Fiscal Officer.

"Bond Administrative Expense Fund" means the Bond Administrative Expense Fund created in Section 5.01(a) of the Indenture, for the purposes and uses described in Article V of the Indenture.

"Bond Counsel" means Squire, Sanders & Dempsey L.L.P., or another attorney or firm of attorneys of nationally recognized standing on the subject of municipal and port authority revenue bond finance selected or approved by the Authority.

"Bond Fund" means the Bond Fund created in Section 5.01(a) of the Indenture, for the purposes and uses described in Article V of the Indenture, and includes the Interest Payment Account, the Principal Payment Account, the Prepayment Account, the CLPR Payment Account and any other accounts and subaccounts created therein pursuant to the Indenture.

"Bond Legislation" means when used with reference to the Series 2010 Bonds, the resolution or resolutions adopted by the Legislative Authority and any authorized certificate of award providing for the issuance of the Series 2010 Bonds and approving the Indenture, the County Contribution Agreement, the Development Corporation Lease and related matters, as such resolutions and/or certificates of award may be amended from time to time.

"Bond Reserve Fund" means the Bond Reserve Fund created in Section 5.01(a) of the Indenture, for the purposes and uses described in Article V of the Indenture.

"Bond Reserve Requirement" means, (a) with respect to the Series 2010 Bonds, at any time, an amount equal to the maximum annual principal and interest requirements on the Outstanding Series 2010 Bonds in the then-current or any subsequent Bond Year; and (b) with respect to any series of Additional Bonds, the Bond Reserve Requirement, if any, established in the Supplemental Indenture providing for the issuance of the applicable series of Additional Bonds.

"Bond Service Charges" means, for any period or payable at any time, the principal of, premium, if any and interest on the Bonds for that period or payable at that time whether due at maturity or on an Interest Payment Date, a Principal Payment Date, a Mandatory Redemption Date, any other date of redemption of Bonds or any other date on which Bond Service Charges are due and payable under the Indenture.

"Bonds" means the Series 2010 Bonds and any Additional Bonds issued by the Authority pursuant to the Bond Legislation and the Indenture.

"Bond Year" means, during the period while the Series 2010 Bonds remain outstanding, each annual period after the date of the original issuance and delivery of the Series 2010 Bonds and ending on a December 1 in any year and continuing until the date of payment in full of all outstanding Series 2010 Bonds; provided, that the first Bond Year shall end on December 1, 2011.

"Book-entry form" or "book-entry system" means a form or system, as applicable, under which (i) physical Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Bondholder, with the physical Bond certificates held by and "immobilized" in the custody of the Depository and (ii) the ownership of book-entry or beneficial interests in Bonds may be transferred only through the book-entry system maintained by entities other than the Authority or the Trustee.

"Business Day" means any day other than (i) a Saturday or Sunday, (ii) a day on which banking institutions in the city in which the designated corporate trust office of the Trustee is located are authorized by law or executive order to close, (iii) any day on which the Federal Reserve Bank of Cleveland is closed or (iv) a day on which the Depository is closed.

"Capitalized Interest Account" means the Capitalized Interest Account in the Project Fund, including the Series 2010A Capitalized Interest Subaccount, the Series 2010B Capitalized Interest Subaccount and Series 2010C Capitalized Interest Subaccount therein.

"Capitalized Interest Payment" means the amount from the proceeds of the Bonds to be deposited into the Capitalized Interest Account to pay interest on a particular series of Bonds and, with respect to the Series 2010 Bonds, means the following: (i) an amount equal to $553,689.79, to be deposited into the Series 2010A Capitalized Interest Subaccount to pay all of the interest on the Series 2010A Bonds due on or prior to June 1, 2012, (ii) an amount equal to $640,426.73, to be deposited into the Series 2010B Capitalized Interest Subaccount to pay all of the interest on the Series 2010B Bonds due on or prior to June 1, 2012, and (iii) an amount equal to $110,858.61, to be deposited into the Series 2010C Capitalized Interest Subaccount to pay all the interest on the Series 2010C Bonds due on or prior to June 1, 2012, all as further provided in or pursuant to the Indenture.

"CLPR" means a certificate representing a Certificated Loan Payment Right in the form attached to the Indenture, authorized by the Authority and to be issued to the County to evidence the obligation of the Authority to repay a County Contribution or portion thereof made pursuant to, and bearing terms (including principal amount, interest at 5.42% per year, and prepayment rights and obligations) as set forth in, the County Contribution Agreement and the Indenture.

"CLPR Payment Account" means the CLPR Payment Account in the Bond Fund.

"Closing Date" means the date of physical delivery of, and payment of the purchase price for, the Bonds.

"Code" means the Internal Revenue Code of 1986, the regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of the Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable to the particular series of Bonds. Unless otherwise indicated, reference to a Section means that Section of the Code, including any applicable successor Section or provision and applicable regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

“Completion Date” means, with respect to a Milestone, the Core Network, Laterals and User Access Facilities or the Project, the date on which the certificate evidencing such date is delivered pursuant to the Indenture.

“Construction Account” means the Construction Account in the Project Fund, including the Series 2010A Construction Subaccount, the Series 2010B Construction Subaccount, the Series 2010C Construction Subaccount and the Direct Payment Subaccount therein.

“Construction Period” means the period between the commencement of the construction of the Project or the Closing Date, whichever is earlier, and the Completion Date.

“Consultant” means a recognized firm of independent management consultants knowledgeable and experienced in the operations and finances of fiber network systems, designated by the Authority. The Consultant may be an Independent Engineer.

“Continuing Disclosure Agent” means any Continuing Disclosure Agent appointed to act under any Continuing Disclosure Agreement and, in the absence of any other appointed and acting Person, shall mean the Trustee.

“Continuing Disclosure Agreement” means, individually, the Continuing Disclosure Agreement, between the Authority and the Trustee, the Continuing Disclosure Agreement, between the County and the Trustee, and the Continuing Disclosure Agreement, between the Development Corporation and the Trustee, each as supplemented and amended from time to time.

“Costs”, with respect to all or any portion of the Project or the Bonds, is used as defined in the Act.

“Costs of Issuance” means Costs of or pertaining to the issuance of the Bonds and the execution and delivery of the Indenture, the County Contribution Agreement, the Development Corporation Lease and the other related Transaction Documents, to be paid from the Costs of Issuance Account, pursuant to the Indenture, but does not include Costs related to the acquisition, construction, installation, equipping or development of the Project.

“Costs of Issuance Account” means the Costs of Issuance Account in the Project Fund.

“County Contribution” shall have the same meaning as “County Loan” as that term is used and defined in the County Contribution Agreement.

“County Contribution Agreement” means the Bond Reserve Fund Non-Tax Revenue Contribution Agreement referenced in the Indenture by and among the County, the Authority and the Trustee, as amended from time to time in accordance with its terms.

“Debt Service Coverage Ratio” means for any period of time the ratio determined by dividing the Net Project Revenues Available for Bond Service Charges for that period by Maximum Annual Debt Service Requirements.

“Deposit Date” means the first Business Day of the month.

“Depository” means any securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book entry system to record ownership of book entry interests in Bonds, and to effect transfers of book entry interests in Bonds in book entry form, and includes and means initially DTC.

"Development Corporation" means the Medina County Economic Development Corporation.

"Development Corporation Lease" means the Lease and Security Agreement dated as of December 1, 2010 between the Authority, as lessor, and the Development Corporation, as lessee, pertaining to the Leased Fibers, as amended and supplemented from time to time.

"Development Corporation Project Revenue Account" means the Development Corporation Project Revenue Account in the Revenue Fund.

"Development Corporation Project Revenues" means all revenues received by or on behalf of the Development Corporation from or in connection with its operation, use and lease of the Leased Fibers including, without limitation, any investment income realized from any investment made from any money credited to the Development Corporation Project Revenue Account and all rates, charges, rentals and other income related to the Leased Fibers and received by the Development Corporation or accrued to the Development Corporation to be deposited in the Development Corporation Project Revenue Account, all as determined (except as otherwise specified in this definition) in accordance with standard principles of accounting for similar types of organization, together with any other money deposited by or on behalf of the Development Corporation in the Development Corporation Project Revenue Account. Development Corporation Project Revenues do not include proceeds of insurance (other than insurance that provides for lost Development Corporation Project Revenues when the Leased Fibers are unable to function) or eminent domain proceedings.

"Development Corporation Surplus Account" means the Development Corporation Surplus Account in the Surplus Fund.

"Direct Payment" means a refundable credit payment allowed with respect to the Series 2010A Bonds as RZEDBs and payable to the Authority by the U.S. Treasury as provided in Section 6431 of the Code.

"Direct Payment Subaccount" means the subaccount by that name within the Construction Account of the Project Fund.

"Eligible Investments" means:

(i) obligations (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other) issued or guaranteed as to full and timely payment by the United States of America or by any Person controlled or supervised by or acting as an instrumentality of the United States of America pursuant to authority granted by Congress;

(ii) obligations issued or guaranteed by any state or political subdivision thereof (including stripped obligations the principal of and interest on which have been separated and offered for sale separately from each other), in any case rated by any Rating Service then rating the Bonds or, if the Bonds are not then rated, by any Rating Service, in the highest category (without distinction as to number or symbol assigned within a category) if rated as short-term obligations or not lower than the third highest category (without distinction as to number or symbol assigned within a category) if rated as long-term obligations;

(iii) deposit accounts, bankers' acceptances, certificates of deposit or bearer deposit notes in one or more banks, trust companies or savings and loan associations (including without limitation, the Trustee or any bank affiliated with the Trustee) organized under the laws of Canada or the United States of America or any state or province thereof, each bank or trust company having a reported capital and surplus of at least $100,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation and each savings and loan association having a reported unimpaired capital and surplus, or retained income, as the case may be, of at least $100,000,000 in dollars of the United States of America and being insured by the Federal Deposit Insurance Corporation;

(iv) investment agreements (which term shall not include repurchase agreements, which are governed by subparagraph (v) below) with a bank or bank holding company or an insurance company rated by any Rating Service then rating the Bonds and rating such bank or company (and otherwise by any Rating Service) in at least the second highest rating category (without distinction as to number or symbol assigned within a category), if rated as long-term debt, and if rated as short-term debt, in the highest rating category (without distinction as to number or symbol assigned within a category);

(v) repurchase agreements with a financial institution (including the Trustee) insured by the Federal Deposit Insurance Corporation, or any broker or dealer (as defined in the Securities Exchange Act of 1934 as amended), that is a dealer in government bonds and that is recognized by, trades with and reports to, a Federal Reserve Bank as a primary dealer in government securities, provided in any case: (a) the collateral for the repurchase agreement is described in clause (i) of this definition, (b) the current market value of the collateral securing the repurchase agreement is at least equal to the amount of the repurchase agreement and is determined not less frequently than monthly, (c) the Trustee, or an agent acting solely on its behalf, has possession of the collateral, (d) the Trustee has a first priority perfected security interest in the collateral, and (e) the collateral is free and clear of any third party claims; provided that, the Trustee may rely on the certificate of its agent as to possession, priority of the security interest and absence of third party claims; and

(vi) investments in money market funds which are principally composed of obligations described in either clause (i) or (ii) of this definition (including those originated or managed by the Trustee or an affiliate);

provided further that any investment or deposit described above does not constitute a "prohibited payment" within the meaning of applicable Code provisions. Deposits or investments in certificates of deposit or pursuant to investment contracts shall not be made without compliance, at or prior to such deposit or investment, with the requirements of applicable Code provisions.

"Event of Default" means any of the events described as an Event of Default in the particular Transaction Document in which (or to which) reference is made.

"Fiscal Officer" means the Secretary or any Assistant Secretary of the Authority or, if those positions are vacant or their incumbents unavailable, absent or incapacitated, any officer of the Authority.

"Fiscal Year" means a period of 12 consecutive months commencing on the first day of January of any year and ending on the last day of December of that year, or, as to be evidenced for purposes of the Indenture by a certificate of an Authorized Official filed with the Trustee, such other consecutive 12 month period as may be established as the fiscal year for Fiber Network budgeting, appropriations and accounting purposes.

"Holder" or "Holder of a Bond" means the Person in whose name a Bond is registered on the Register, or with respect to a CLPR, the County.

"Independent Engineer" means an engineer or firm of engineers, independent of the Authority or the Development Corporation, as applicable, and licensed by or permitted to practice in the State, experienced in the construction and operation of fiber networks such as the Fiber Network.

"Initial Management Agreement" means the Network Maintenance, Management and Services Agreement, dated the Closing Date among the Authority, the Development Corporation and OneCommunity, as initial Manager, together with any amendments and supplements thereto.

"Interest Payment Account" means the Interest Payment Account in the Bond Fund.

"Interest Payment Date" or "Interest Payment Dates" means June 1 and December 1 of each year, commencing June 1, 2011.

"Leased Fibers" means the Non-Governmental Portion of the Project, to the extent leased to the Development Corporation pursuant to the Development Corporation Lease, all as further described in Exhibit A to the Development Corporation Lease, including additions, improvements, modifications, substitutions and renewals thereof, and further includes other facilities as permitted by the Lease.

"Legislative Authority" means the Board of Directors of the Authority.

"Management Agreement" means the Initial Management Agreement or, if applicable, a Management Agreement between the Authority and/or the Development Corporation and any Manager of all or a portion of the Fiber Network; provided, that changes therein with respect to the Governmental Portion shall be subject to the approval of Bond Counsel as evidenced by a legal opinion delivered to the Authority and the Trustee to the effect that such changes will not adversely affect the Tax Status of any series of Bonds.

"Manager" means, at the time in question, the Manager or Managers of all or a portion of the Fiber Network pursuant to a Management Agreement, which Manager is, initially, OneCommunity.

"Mandatory Redemption Dates" means the mandatory redemption dates with respect to the mandatory sinking fund requirements applicable to the Series 2010 Bonds.

"Maximum Annual Debt Service Requirements" means, as of the date of calculation, the largest amount of annual Bond Service Charges payable during the then current or any succeeding Fiscal Year over the remaining term of all Bonds issued and outstanding under the Indenture.

"Milestone" shall have the meaning ascribed to that term in the Construction Agreement and generally means an operational portion of the Core Network.

"Net Proceeds", when used with respect to any insurance proceeds or condemnation award, means the gross proceeds or award less the payment of all expenses, including reasonable attorneys' fees, incurred in connection with the collection of such proceeds.

"Net Project Revenues" means Authority Project Revenues less Operating Expenses.

"Net Project Revenues Available for Bond Service Charges" means, for any particular period, Net Project Revenues for that period, but excluding from Authority Project Revenues for the purpose of this definition any extraordinary items resulting from the early extinguishment of debt.

"Network Operating Expense Fund" means the Network Operating Expense Fund to be established and maintained by the Authority in accordance with the Indenture.

"Non-Governmental Portion" means the portion of the Project intended for use in promoting business and economic development and other non-governmental uses.

"OneCommunity" means OneCommunity, an Ohio non-profit corporation, and its lawful and permitted successors.

"Operating Expenses" means all expenses for the operation, maintenance, administration and ordinary current repairs of the Fiber Network necessary in order to maintain and operate the Fiber Network in a reasonable and prudent manner, and including items normally included as essential expenses in the operating budget of fiber optic telecommunications networks, and further including, without limitation, insurance premiums, administrative expenses allocable to the Fiber Network (including, without limitation, engineering, architectural, legal, consulting management and accounting fees and expenses), costs of meeting continuing disclosure commitments, any taxes or assessments, whether general or special, that are lawfully imposed on the Fiber Network or on the revenue or income derived from the operation of the Fiber Network, charges for electricity, telephone and other public or private utility services, any charges, penalties or fines imposed on the Authority or the Development Corporation, as applicable, by any governmental or regulatory authority arising from the manner of operation of the Fiber Network, fees and expenses of any Independent Engineers, Consultants, accountants and attorneys retained by the Authority or Development Corporation from time to time to perform and carry out duties imposed on the Authority or the Development Corporation by the Indenture, the Development Corporation Lease or other Transaction Documents (but not including Costs of the Project) and other expenses related to the foregoing, all as determined (except as otherwise specified in this definition) in accordance with standard principles of governmental utility accounting. Operating Expenses shall not include: (1) Bond Service Charges or payments on CLPRs; or (2) any allowance for amortization or depreciation of the Fiber Network; or (3) expenditures for capital replacements having an estimated life or usefulness and cost that exceeds minimum standards established by the Authority's or the Development Corporation's, as applicable, accounting policies, and engineering, architectural, legal, consulting and accounting fees and expenses incurred in connection with those expenditures.

"Operating Reserve Fund" means the Operating Reserve Fund created in Section 5.01(a) of the Indenture for the purposes and uses described in Article V of the Indenture.

"Outstanding" or "outstanding" as applied to Bonds means, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

(a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;

(b) Bonds, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee or any Paying Agent on or prior to that date for that purpose (whether upon or prior to the maturity or redemption date of those Bonds); provided, that if any of those Bonds are to be redeemed prior to their maturity, notice of that redemption shall have been given or arrangements satisfactory to the Trustee shall have been made for giving notice of that redemption, or waiver by the affected Holders of that notice satisfactory in form to the Trustee shall have been filed with the Trustee;

(c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under Section 3.07 of the Indenture;

it being understood and acknowledged that Bonds that are not outstanding under the Indenture may remain outstanding for federal income tax purposes.

"Permitted Encumbrances" means any of the following:

(a) Liens or encumbrances upon, or title defects relating to, rights of way held by the Fiber Network if (i) the Authority has, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), power under eminent domain or similar laws to eliminate those liens, encumbrances or defects or power to acquire by eminent domain or acquire easements or rights of way sufficient for the Authority's purposes over the land covered by the rights of way in question or other lands adjacent thereto and can do so, in the opinion of an Authorized Official satisfactory to the Trustee, at a cost not in excess of funds then available to the Authority for that purpose, or (ii) if, in the opinion of an Independent Engineer, the facilities installed or to be installed in the rights of way can be relocated so as not to affect the land so covered thereby and at a cost not in excess of funds then available to the Authority for that purpose.

(b) Mechanic's, laborer's, materialman's, supplier's or vendor's liens, if any such lien is contested as permitted under the Indenture or the Development Corporation Lease, as applicable.

(c) In the case of rights of way held by the Fiber Network, the lien of taxes, assessments and other governmental charges if proceedings for the foreclosure thereof or for the forfeiture of the underlying fee title would not, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority), operate to extinguish those rights of way or if, in the opinion of an Authorized Official satisfactory to the Trustee, that lien can if necessary be discharged by the Authority at a cost not in excess of funds then available to the Authority for that purpose.

(d) A lien for specified taxes or assessments not then delinquent or if delinquent, being contested as permitted by the Indenture or the Development Corporation Lease, as applicable.

(e) Restrictions and rights as to use, and easements for streets, alleys, highways, rights of way, railroad and utility purposes over, upon and across any of the properties of the Fiber Network which, in the opinion of an Independent Engineer, will not materially interfere with the use of the properties of the Fiber Network by the Fiber Network for the purpose intended.

(f) The lien of the Indenture.

(g) Liens, encumbrances or title defects which, in the opinion of legal counsel satisfactory to the Trustee (who may be legal counsel for the Authority, and which opinion may be based on certificates of engineers or appraisers satisfactory to the Trustee), either (i) have been or can be adequately guarded against by bond or contract of indemnity, guarantee or insurance and, if not yet obtained, such bond, contract of indemnity, guarantee or insurance can be obtained at a cost not in excess of funds then available to the Authority for that purpose, or (ii) can be cured by eminent domain proceedings at a cost not in excess of funds then available to the Authority for that purpose.

(h) The lien of the Development Corporation Lease.

(i) The liens of the User Leases.

"Pledged Revenues" means, to the extent of the Authority's interest therein: (a) the Net Project Revenues and any other payments or amounts received or to be received by or on behalf of the Authority, the Trustee or the Development Corporation pursuant to the sale, lease, use or other disposition of all or any portion of the Project, (b) the County Contributions, (c) the Direct Payments, (d) all other moneys received or to be received by the Authority, the Development Corporation or the Trustee and intended to be used for Bond Service Charges including, without limitation, all moneys and investments in the Bond Fund, (e) any moneys, investments or other assets in the Special Funds, and (f) all income and profit from the investment of the foregoing moneys. The term "Pledged Revenues" does not include any moneys or investments in any Funds not constituting Special Funds.

"Prepayment Account" means the Prepayment Account established in the Bond Fund.

"Principal Payment Account" means the Principal Payment Account established in the Bond Fund.

"Principal Payment Dates" means any Mandatory Redemption Date and the stated maturity date of any Bond, and, unless the context otherwise requires, includes any date of redemption or payment of principal of Bonds.

"Project" means the acquisition, construction, installation, equipping and developing of the Fiber Network.

"Project Costs" means Costs of or related to the Project and the issuance of the Bonds that may be paid from the proceeds of the Bonds pursuant to the Indenture, including all Project Costs approved in accordance therewith.

"Project Fund" means the Project Fund created in Section 5.01(a) of the Indenture for the purposes and uses described in the Indenture, and includes all accounts and subaccounts therein.

"Project Revenue Allocation Date" means the first Business Day of the second month following each December 1 commencing on February 1, 2012.

"Rebate Amount" means as of each Computation Date an amount equal to the sum of (i) plus (ii) where:

(i) is the excess of:

(a) the aggregate amount earned from the date of issuance of the Bonds on all nonpurpose investments in which gross proceeds of the Bonds are invested (other than investments attributable to an excess described in this clause (i)) including any gain or deducting any loss from disposition of nonpurpose investments, over

(b) the amount that would have been earned if those nonpurpose investments (other than amounts attributable to an excess described in this clause (i)) had been invested at a rate equal to the yield on the Bonds; and

(ii) is any income attributable to the excess described in clause (i) of this definition.

"Rebate Fund" means the Rebate Fund created in Section 5.01(a) of the Indenture for the purposes and uses described therein.

"Register" means the books kept and maintained by a Registrar for the registration and transfer of the applicable series of Bonds.

"Registrar" means, with respect to each series of Bonds, the Trustee, until a successor Registrar shall have become such pursuant to applicable provisions of the Indenture; each Registrar shall be a transfer agent registered in accordance with Section 17(A)(c) of the Securities Exchange Act of 1934.

"Rental Payment Date" means the Business Day next preceding a Deposit Date.

"Rental Payments" means the Rental Payments required to paid by the Development Corporation to the Trustee pursuant to Section 3.2 of the Development Corporation Lease.

"Replacement and Improvement Fund" means the Replacement and Improvement Fund created in Section 5.01(a) of the Indenture for the purposes and uses described therein.

"Revenue Fund" means the Revenue Fund created in Section 5.01(a) of the Indenture to be utilized as described in Article V of the Indenture and includes any accounts or subaccounts created therein pursuant to the Indenture.

"RZEDB" or "RZEDBs" means Recovery Zone Economic Development Bonds within the meaning of Section 1400U-2(b) of the Code.

"RZFB" or "RZFBs" means Recovery Zone Facility Bonds within the meaning of Section 1400U-3(b) of the Code.

"Series" means, as applicable, a series or subseries of Bonds.

"Series 2010 Bonds" means, collectively, the Series 2010A Bonds, the Series 2010B Bonds and the Series 2010C Bonds.

"Series 2010A Bonds" means the Authority's $5,090,000 Taxable Development Revenue Bonds, Series 2010A (Medina County Fiber Network Project) (Recovery Zone Economic Development Bonds) dated the Closing Date, authorized by the Bond Legislation and issued by the Authority pursuant to the Bond Legislation and the Indenture to pay Project Costs.

"Series 2010A Capitalized Interest Subaccount" means the subaccount by that name within the Capitalized Interest Account of the Project Fund.

"Series 2010A Construction Subaccount" means the subaccount by that name within the Construction Account of the Project Fund.

"Series 2010B Bonds" means the Authority's $7,925,000 Development Revenue Bonds, Series 2010B (Medina County Fiber Network Project) (Recovery Zone Facility Bonds) dated the

Closing Date, authorized by the Bond Legislation and issued by the Authority pursuant to the Bond Legislation and the Indenture to pay Project Costs.

"Series 2010B Capitalized Interest Subaccount" means the subaccount by that name within the Capitalized Interest Account of the Project Fund.

"Series 2010B Construction Subaccount" means the subaccount by that name within the Construction Account of the Project Fund.

"Series 2010C Bonds" means the Authority's $1,420,000 Taxable Development Revenue Bonds, Series 2010C (Medina County Fiber Network Project) dated the Closing Date, authorized by the Bond Legislation and issued by the Authority pursuant to the Bond Legislation and the Indenture to pay Project Costs.

"Series 2010C Capitalized Interest Subaccount" means the subaccount by that name within the Capitalized Interest Account of the Project Fund.

"Series 2010C Construction Subaccount" means the subaccount by that name within the Construction Account of the Project Fund.

"Special Funds" means, with respect to the Bonds, collectively, the Project Fund, the Authority Project Revenue Account, the Bond Fund, the Bond Reserve Fund, the Bond Administrative Expense Fund, the Replacement and Improvement Fund and the Surplus Fund; the Special Funds shall not include the Rebate Fund, the Network Operating Expense Fund or the Development Corporation Project Revenue Account.

"Supplemental Indenture" means any indenture supplemental to the Indenture entered into between the Authority and the Trustee in accordance with Article VIII of the Indenture.

"Surplus Fund" means the Surplus Fund created in Section 5.01(a) of the Indenture for the purposes and uses described therein, including all accounts and subaccounts therein.

"Tax-Exempt Bonds" means Bonds that are issued and sold as obligations to which Section 103 of the Code applies, the interest on which is excluded from gross income for federal income tax purposes.

"Tax Regulatory Agreement" means, individually, the Tax Certificate and Agreement, dated the Closing Date, among the Authority and the Trustee relating to the Tax Status of the Series 2010A Bonds, or the Tax Certificate and Agreement, dated the Closing Date, among the Authority, the Trustee and the Development Corporation relating to the Tax Status of the Series 2010B Bonds, as either may be amended and supplemented from time to time in accordance with the Indenture.

"Tax Status" means the status of Bonds as Tax-Exempt Bonds, RZFBs or RZEDBs.

"Transaction Documents" means, collectively, the Indenture, the County Contribution Agreement, the Development Corporation Lease, the Account Control Agreement, the Tax Regulatory Agreements, the Bond Purchase Agreement, the Management Agreement, the Construction Agreement and the Continuing Disclosure Agreements.

"Unassigned Authority Rights" means all of the rights of the Authority under the applicable Transaction Document (i) to the payment or reimbursement of costs incurred and paid from sources other than the Fiber Network, (ii) to be indemnified or held harmless by, or to have its fees and costs paid by, any third party, (iii) to receive payments or transfers from the Authority Project

Revenue Account and the Surplus Fund if and when required or permitted by the Indenture, and (iv) to receive notices and, in the absence of an Event of Default by the Authority under the Indenture, to give or provide consent or direction in accordance with the applicable Transaction Document.

THE TRUST INDENTURE

Security

In order to secure the payment of the debt service on the Series 2010 Bonds and the performance of the obligations contained in the Indenture and the Series 2010 Bonds, the Authority will (A) assign to the Trustee for the benefit of the Holders any and all of its right, title and interest (except Unassigned Authority Rights) in and to (i) the County Contribution Agreement (including the right to receive County Contributions thereunder), (ii) the Pledged Revenues, (iii) all money and securities on deposit from time to time in the Special Funds, (iv) the Development Corporation Lease (including the right to receive rental payments thereunder and its interest in the Development Corporation Project Revenues and the Development Corporation Project Revenue Account), the User Leases, the Construction Agreement and the Management Agreement, and (v) any and all other real or personal property of every name and nature from time to time by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security by the Authority or by anyone in its behalf, or with its written consent that may be given to the Trustee or to the Authority as security for the Series 2010 Bonds, and (B) pledge and grant a first priority security interest to the Trustee in all right, title and interest of the Authority in the assets financed with the proceeds of the Bonds.

Use of Bond Proceeds

The proceeds of the sale of the Series 2010 Bonds will be deposited by the Trustee as follows: (i) into the Bond Reserve Fund, an aggregate amount of $1,381,250.00 ($509,000.00 from the proceeds of the sale of the Series 2010A Bonds, $774,764.84 from the proceeds of the sale of the Series 2010B Bonds and $97,485.16 from the proceeds of the sale of the Series 2010C Bonds), being an aggregate amount equal to the Bond Reserve Requirement for the Series 2010 Bonds; and (ii) into the Project Fund: (A) to the Capitalized Interest Payment Account and to the applicable Subaccounts therein, an aggregate amount of $1,304,975.13 ($143,623.45 from the proceeds of the sale of the Series 2010A Bonds and $410,066.34 from the proceeds of the sale of the Series 2010C Bonds to the Series 2010A Capitalized Interest Subaccount; $302,040.79 from the proceeds of the sale of the Series 2010B Bonds and $338,385.94 from the proceeds of the sale of the Series 2010C Bonds to the Series 2010B Capitalized Interest Subaccount; and $110,858.61 from the proceeds of the sale of the Series 2010C Bonds to the Series 2010C Capitalized Interest Subaccount), being an amount equal to the Capitalized Interest Payment with respect to the Series 2010 Bonds; and (B) to the Costs of Issuance Account therein, $445,293.51 ($23,637.61 from the proceeds of the sale of the Series 2010A Bonds, $29,751.95 from the proceeds of the sale of the Series 2010B Bonds and $391,903.95 from the proceeds of the sale of the Series 2010C Bonds), being an amount equal to the aggregate Costs of Issuance to be paid from the proceeds of the Series 2010 Bonds, as identified in Exhibit C in the Indenture; and (C) to the Construction Account and to the applicable subaccounts therein, to the Series 2010A Construction Subaccount in the Construction Account therein, $4,246,769.74 from the proceeds of the sale of the Series 2010A Bonds, to the Series 2010B Construction Subaccount in the Construction Account therein, $6,522,215.87 from the proceeds of the sale of the Series 2010B Bonds, and to the Series 2010C Construction Subaccount in the Construction Account therein, $50,000.00 from the proceeds of the sale of the Series 2010C Bonds to pay Costs of the Project. (see **Sources and Uses of Funds**).

Establishment of Funds

The following trust funds will be created by the Authority under the Indenture and maintained with the Trustee in the custody of the Trustee:

Project Fund, including therein the Construction Account, the Capitalized Interest Account and the Costs of Issuance Account

Revenue Fund, including therein the Authority Project Revenue Account and the Development Corporation Project Revenue Account

Operating Reserve Fund

Bond Administrative Expense Fund

Bond Fund, including therein the Interest Payment Account, the Principal Payment Account, the Prepayment Account and the CLPR Payment Account

Bond Reserve Fund

Replacement and Improvement Fund

Surplus Fund, including therein the Authority Surplus Account and the Development Corporation Surplus Account

Rebate Fund

The Network Operating Expense Fund will be established by the Authority (initially on deposit with the County) as a separate operating fund for the Fiber Network, separate and segregated from all other operating funds of the Authority.

Project Fund

Pending any disbursement from the Project Fund, the moneys and Eligible Investments to the credit of the Project Fund will constitute a part of the Pledged Revenues assigned to the Trustee as security for the payment of the Bond Service Charges and, except for their application to the uses and purposes authorized under the Indenture, the Authority will have no interest whatsoever in the moneys or investments in the Project Fund.

Construction Account

The money in the Construction Account (and the subaccounts therein) will be disbursed by the Trustee upon requisition from the Authority in accordance with the Indenture to reimburse or pay the Authority, or any person designated by the Authority, for any of the following Costs of the acquisition, construction, installation, equipping and development of the Project:

(i) Costs incurred directly or indirectly for or in connection with the acquisition and construction of the Project, costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, surveying, accounting, consulting, supervisory and other services; labor, services and materials required in connection with the construction, completion and testing of the Project Facilities; and recording of documents and any title work;

(ii) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the Construction Period with respect to the Project;

(iii) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the Construction Period;

(iv) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project;

(v) Any other costs, expenses, fees and charges properly chargeable to the cost of the acquisition, construction or other improvement included in the Project;

(vi) Any required transfers to the Rebate Fund under and pursuant to the Tax Regulatory Agreement;

(vii) Payment of interest with respect to the Bonds to the extent permitted by the Indenture; and

(viii) Subject to all other requirements, payment of Administrative Expenses during the Construction Period.

Costs of Issuance Account

Upon submission of an invoice, the amounts deposited into the Costs of Issuance Account will be disbursed by the Trustee to pay certain Costs of Issuance. Any amounts remaining in the Costs of Issuance Account sixty (60) days after the Closing Date will be transferred on that date to the applicable Construction Subaccount in the Construction Account, pro rata to the amounts deposited therein from the proceeds of the applicable Series, to be used for purposes permitted for the applicable Subaccount.

Capitalized Interest Account

The money and Eligible Investments in the Capitalized Interest Account (and the subaccounts therein for which provision is made in the Indenture) will be transferred by the Trustee to the Interest Payment Account of the Bond Fund and used to pay interest when due on the applicable subseries of Series 2010 Bonds until there is no money or Eligible Investments remaining in the Capitalized Interest Account.

Revenue Fund

The Revenue Fund will be comprised of the Authority Project Revenue Account and the Development Corporation Project Revenue Account. In the Development Corporation Lease, the Development Corporation agrees to deposit all of the Development Corporation Project Revenues in the Development Corporation Project Revenue Account no less often than once each Business Day (to the extent, if any, that amounts are received on any such Business Day). On or before each Rental Payment Date, the Trustee will transfer the Development Corporation's monthly Rental Payment from the Development Corporation Project Revenue Account to the Authority Project Revenue Account. The Development Corporation's monthly Rental Payment will be an amount sufficient to satisfy the Development Corporation's pro rata share of items (i) through (vi) of the second paragraph below. If there are insufficient amounts in the Authority Project Revenue Account to make the transfers under items (i) through (vi) of the third paragraph of this caption, the Trustee will use any amounts then on deposit in the Development Corporation Project Revenue

Account to make the required transfers. On each Project Revenue Allocation Date, the Trustee will transfer any balance in the Development Corporation Project Revenue Account as of December 31 for the prior Fiscal Year to the Development Corporation Surplus Account of the Surplus Fund created under the Indenture. The Development Corporation Project Revenue Account will not constitute a Special Fund assigned to the Trustee under the Indenture as security for the payment of Bond Service Charges.

The Authority will deposit all Authority Project Revenues, except for investment income on any Fund (which investment income is to be credited and deposited as provided in the Indenture), in the Authority Project Revenue Account no less often than once each Business Day (to the extent, if any, that amounts are received on any such Business Day), provided, that any Direct Payments received by the Authority with respect to the December 1, 2012 Interest Payment Date and with respect to the Interest Payment Dates prior thereto will be deposited by the Authority and the Trustee into the Direct Payment Subaccount in the Construction Account of the Project Fund.

The Trustee will use the money and Eligible Investments in the Authority Project Revenue Account to make the following payments, or transfers to the following Funds and Accounts, at the following times and in the following order:

(i) to the Authority for deposit in the Network Operating Expense Fund on or before the Deposit Date, an amount sufficient to pay the budgeted Operating Expenses (including any allowances for amounts to be maintained in the Network Operating Expense Fund for specified purposes, including operating, maintenance, repair and capital reserves) for that month as determined in the Annual Operating Budget for that Fiscal Year;

(ii) to the Bond Administrative Expense Fund on or before the Deposit Date, an amount to pay the Administrative Expenses due on the Administrative Expenses Payment Date (given any prepayments and credits);

(iii) to the Bond Fund,

(A) to the Interest Payment Account on or before the Deposit Date, after giving effect to any amounts on deposit in that Account and any Capitalized Interest Payment applicable to the next Interest Payment Date, an amount such that, if the same amount were paid in each of the months preceding the next Interest Payment Date, the aggregate of the amounts so paid would be sufficient to pay the interest due and payable on all Outstanding Series 2010 Bonds on that next Interest Payment Date,

(B) to the Principal Payment Account on or before the Deposit Date, and after giving effect to any amounts on deposit in that Account, an amount such that, if the same amount were paid in each of the months preceding the next Principal Payment Date, the aggregate of the amounts so paid would be sufficient to pay the principal amount of all Outstanding Series 2010 Bonds due and payable on that next Principal Payment Date, and

(C) to the CLPR Payment Account before the 15^{th} day after any December Interest Payment Date on which CLPRs shall be outstanding under the Indenture, an amount sufficient to pay the principal and/or interest on the outstanding CLPRs (with interest to be paid before principal);

(iv) to the Operating Reserve Fund on or before the Deposit Date, beginning on July 1, 2011, one-twelfth (1/12) of 15% of the Annual Operating Budget for that Fiscal Year or such lesser amount as then may be required, to create and maintain a balance in the Operating Reserve Account of 15% of the Annual Operating Budget for that Fiscal Year;

(v) to the Replacement and Improvement Fund on or before the Deposit Date, beginning on July 1, 2011, the amount of one-twelfth (1/12) of 10% of the Annual Operating Budget for that Fiscal Year or such lesser amount as then may be required, to create and thereafter maintain a balance in the Replacement and Improvement Fund of 10% of the Annual Operating Budget for that Fiscal Year;

(vi) to the Bond Reserve Fund on or before each Interest Payment Date, the amount, if any, required to make the balance in the Bond Reserve Fund equal to the Bond Reserve Requirement for the Series 2010 Bonds; and

(vii) on each Project Revenue Allocation Date, any balance as of December 31 for the prior Fiscal Year to the Authority Surplus Account of the Surplus Fund.

Network Operating Expense Fund

The Authority is required under the Indenture to establish the Network Operating Expense Fund as a fund separate from the other funds created by the Indenture. The Network Operating Expense Fund will be maintained by the Authority as a deposit account separate from all of its other funds and accounts. Moneys therein will be used by the Authority to pay, or reimburse advances from other funds and accounts for the payment of, Operating Expenses. The money and Eligible Investments to the credit of the Network Operating Expense Fund will not constitute part of the Pledged Revenues or Special Funds assigned to the Trustee under the Indenture as security for the payment of Bond Service Charges.

Under the Management Agreement or Agreements, the Authority's Manager (in cooperation with the Development Corporation's Manager if not the same entity as the Authority's Manager) will provide a proposed Annual Operating Budget for each Fiscal Year to the Authority by November 1st of the prior year, provided that the Annual Operating Budget for the Fiscal Year 2011 will be provided by the Manager by February 15, 2011. The Authority is required to approve the Annual Operating Budget for each Fiscal Year prior to December 15th of the prior year, provided that the Authority shall approve the Annual Operating Budget for the Fiscal Year 2011 prior to April 1, 2011. The Annual Operating Budget will contain budgeted Operating Expenses for each month of that Fiscal Year and will include therein up to 25% of the Annual Operating Budget to constitute an operating reserve fund to be maintained in the Network Operating Expense Fund available for use to pay operating expenses if other moneys are not available therefor and available to be used for improvements and other capital projects including the replacement of obsolete or worn-out equipment or making other improvements to the Project.

Operating Reserve Fund

The money and Eligible Investments in the Operating Reserve Fund held by the Trustee will be used solely for the payment of Operating Expenses, upon the direction of the Authority, if the money and Eligible Investments in the Network Operating Expense Fund is insufficient for that purpose and to cover any insufficiency in the Bond Administrative Expense Fund for the payment of Administrative Expenses. The Operating Reserve Fund is be comprised of money or Eligible Investments deposited with the Trustee from Authority Project Revenues in the aggregate amount equal to 15% of the Annual Operating Budget for that Fiscal Year.

Bond Administrative Expense Fund

Amounts in the Bond Administrative Expense Fund will be used to pay Administrative Expenses. In addition, the Authority may direct the transfer of any amounts on deposit in the Bond Administrative Expense Fund for deposit in the Rebate Fund. If the amount on deposit in the Bond Administrative Expense Fund on any date on which Administrative Expenses are due and payable is less than the amount necessary to pay such Administrative Expenses, the Trustee is required to transfer an amount sufficient to make up such deficiency first from the Authority Project Revenue Account, second from the Surplus Fund and third from the Operating Reserve Fund.

Bond Fund

The Indenture establishes the Bond Fund that is to be maintained by the Trustee. The Bond Fund (and accounts therein for which provision is made in the Indenture) and the money and Eligible Investments therein will be used to pay debt service on the Series 2010 Bonds; provided that no part thereof will be used to redeem any Bonds prior to maturity, except as may be provided otherwise in the Indenture.

Bond Service Charges are payable, as they become due, from the following sources and in the following order: (i) with respect to accrued interest on the Series 2010 Bonds, from the amounts deposited in the Capitalized Interest Account therefor or other amounts required under the Indenture to be transferred for that purpose from the Direct Payment Subaccount or any other Subaccount in the Construction Account, (ii) from the Authority Project Revenues deposited in the applicable Interest Payment Account or the Principal Payment Account of the Bond Fund (or the Prepayment Account in connection with any redemption of Series 2010 Bonds), (iii) if amounts on deposit in the Bond Fund on any Interest Payment Date or Principal Payment Date and available for that purpose are not sufficient to pay the Bond Service Charges due and payable under the Indenture, then from other Pledged Revenues (other than amounts in the Bond Reserve Fund) to the extent then available, including any amounts in the Authority Project Revenue Account, the Surplus Fund and the Development Corporation Project Revenue Account which, in that order and to the full extent, are to be transferred to the Bond Fund (and the applicable account) to make such payments, (iv) to the extent that amounts on deposit in the Bond Fund on any Interest Payment Date or Principal Payment Date are not sufficient to pay the Bond Service Charges on the Series 2010 Bonds due and payable on such dates, then from amounts to be transferred from the Replacement and Improvement Fund, (v) to the extent that amounts on deposit in the Replacement and Improvement Fund are not sufficient to pay the Bond Service Charges on the Series 2010 Bonds due and payable on such dates, then from the Bond Reserve Fund, and (vi) from any other source lawfully available to the Trustee, including without limitation, proceeds from the sale or liquidation of any collateral then assigned or pledged to the Trustee.

Bond Reserve Fund

The Bond Reserve Fund and any money and investments therein are designated for and are to be used solely for the purpose of paying Bond Service Charges due on the Series 2010 Bonds. The Bond Reserve Fund shall be comprised originally of money or obligations deposited with the Trustee from the proceeds of the sale of the Series 2010 Bonds in the aggregate amount equal to the Bond Reserve Requirement for the Series 2010 Bonds. The Bond Reserve Fund, until released or otherwise used, will be a Special Fund held in the custody of the Trustee and pledged to the payment of Bond Service Charges on the Series 2010 Bonds If any amounts are to be transferred from the Bond Reserve Fund to fund a Bond Service Charge shortfall, such amounts shall be funded to the full extent from the moneys and investments therein.

In the event that moneys in the Interest Payment Account and the Capitalized Interest Account are insufficient on any Interest Payment Date or on any other date on which interest is to be paid to pay interest, or that moneys in the Principal Payment Account (together with amounts in the Prepayment Account, if available) are insufficient on any Principal Payment Date or on any other date on which principal or premium is to be paid to pay principal or premium to be paid from the Principal Payment Account on that Principal Payment Date or such other date, and other amounts are not available as described in clauses (i) through (iv) of the second paragraph under the caption **APPENDIX A – THE TRUST INDENTURE – Bond Fund**, the Trustee is required under the Indenture to withdraw from the Bond Reserve Fund the moneys necessary to make up the deficiency and shall transfer those moneys to the Interest Payment Account or the Principal Payment Account, as the case may be.

On each Project Revenue Allocation Date following a Principal Payment Date on which principal of Series 2010 Bonds is duly paid, the Bond Reserve Requirement for the Series 2010 Bonds may be reduced pursuant to the definition of the Bond Reserve Requirement. In that event, the Trustee is to transfer to the Interest Payment Account, any such amounts from the Bond Reserve Fund in excess of the Bond Reserve Requirement for the Series 2010 Bonds, and those moneys are to be used to pay interest on the Series 2010 Bonds on the next possible Interest Payment Date; provided, that prior to the Completion Date of the Project, such excess shall be credited to the corresponding subaccount (for the applicable Series) in the Construction Account pro rata to the amounts initially deposited in the Bond Reserve Fund. When the amounts on deposit in the Bond Reserve Fund together with any amount then on deposit in the Principal Payment Account (and any amounts in the Prepayment Account), are at least equal to the outstanding principal amount of the Series 2010 Bonds, the Trustee is required under the Indenture to transfer first from the Bond Reserve Fund: (1) to the Principal Payment Account, an amount such that the amount therein is equal to the principal amount of the Series 2010 Bonds due and payable on the next succeeding Principal Payment Date, (2) to the Prepayment Account an amount such that the amount therein is sufficient to pay all remaining principal (and any premium) due on the outstanding Series 2010 Bonds on the next date on which the Series 2010 Bonds may be redeemed pursuant to the Indenture and (3) the balance to the Interest Payment Account; and, so long as the Trustee has sufficient money available in the Bond Fund to pay the redemption price and all accrued interest to the redemption date on all outstanding Series 2010 Bonds, the Trustee is required under the Indenture to give notice of redemption of all outstanding Series 2010 Bonds as soon as practicable thereafter, with such redemption to occur thirty (30) days after the giving of such notice. Those moneys shall be used to pay Bond Service Charges on the Series 2010 Bonds due on such dates. Such reductions in the Bond Reserve Fund resulting from such transfers need not be restored. In the event that all of the Series 2010 Bonds of the applicable Series are being redeemed, moneys and Eligible Investments on deposit in the Bond Reserve Fund are to be used for that redemption. Investment income (whether paid or accrued and unpaid) is not a part of the Bond Reserve Fund for any purpose, except as otherwise provided in the Indenture and summarized herein under **Investment of Funds** below, and shall be transferred and credited to the Interest Payment Account and shall be used to pay interest on the Series 2010 Bonds on the next possible Interest Payment Date in accordance with the Indenture.

Not more than fifteen (15) days after it has drawn from the Bond Reserve Fund, the Trustee is required under the Indenture to notify the County pursuant to the County Contribution Agreement in writing, with a copy to the Authority, of such draw and of the amount necessary to restore the balance in the Bond Reserve Fund to amount equal to the Bond Reserve Requirement for the Series 2010 Bonds. Upon receipt of such notice, the County will, subject to appropriation by the County Board in accordance with the County Contribution Agreement, appropriate a County Contribution in an amount so that the Eligible Investments and moneys in the Bond Reserve Fund shall be not less than the Bond Reserve Requirement for the Series 2010 Bonds. The Trustee will deposit upon receipt any amount representing a County Contribution directly into the Bond Reserve Fund. In the event that all of the Series 2010 Bonds are being redeemed, moneys and Eligible Investments on deposit in the Bond Reserve Fund are to be used for that redemption.

Replacement and Improvement Fund

Moneys in the Replacement and Improvement Fund will be paid by the Trustee to the Bond Fund, to the extent that amounts on deposit in the Bond Fund on any Interest Payment Date or Principal Payment Date are not sufficient to pay the Bond Service Charges on the Series 2010 Bonds. Otherwise moneys in the Replacement and Improvement Fund will be used, at the direction of the Authority, for improvements and other capital projects including the replacement of obsolete or worn-out equipment or making other improvements to the Project or, with moneys in the Bond Fund and the Bond Reserve Fund and other moneys made available by the Authority, to retire by purchase for cancellation or by call for redemption, all or part of the Series 2010 Bonds from time to time outstanding.

Surplus Fund

The Surplus Fund will be comprised of the Authority Surplus Account and the Development Corporation Surplus Account. In the event that moneys in the Authority Project Revenue Account are insufficient to make the payments or transfers required by the Indenture generally described in the third paragraph under the caption **APPENDIX A – THE TRUST INDENTURE – Revenue Fund** or under the captions **APPENDIX A – THE TRUST INDENTURE – Bond Fund** or **– Rebate Fund**, the Trustee will withdraw and use such amount as is necessary and permitted for that purpose from the Surplus Fund.

Authority Surplus Account

On each Project Revenue Allocation Date, the money in the Authority Surplus Account will be used as follows and in the following order:

(i) to fund amounts otherwise to be funded from the Authority Project Revenue Account; and

(ii) If any amounts remain in the Authority Surplus Account after the preceding amounts have been paid or transferred, to pay the amount, if any, directed by the Authority to be paid by the Trustee to the Manager; and

(iii) If any amounts remain in the Authority Surplus Account after the preceding amounts have been paid or transferred, the Trustee will transfer 50% of any such remaining amounts and, if such remaining amount exceeds $500,000, any amount in excess of $500,000 to the Authority to be used by the Authority for any lawful purpose, which will not be subject to the security interest granted by the Indenture, and the Trustee shall transfer any amount remaining in the Authority Surplus Account thereafter to the Authority Project Revenue Account.

Development Corporation Surplus Account

On each Project Revenue Allocation Date, any balance in the Development Corporation Project Revenue Account as of December 31 of the prior Fiscal Year will be deposited by the Trustee into the Development Corporation Surplus Account and will be used, as follows and in the following order:

(i) to fund amounts otherwise to be funded from the Authority Project Revenue Account; and

(ii) If any amounts remain in the Development Corporation Surplus Account after the preceding amounts have been paid or transferred, to pay the amount, if any, directed by the Development Corporation to be paid by the Trustee to the Manager; and

(iii) If any amounts remain in the Development Corporation Surplus Account after the preceding amounts have been paid or transferred, 5% of the amount remaining therein will be transferred by the Trustee to the Development Corporation to be used by the Development Corporation for any lawful purpose, which will not be subject to the security interest granted by the Indenture; and

(iv) If any amounts remain in the Development Corporation Surplus Account after the preceding amounts have been paid or transferred, the Trustee will transfer any such remaining amounts to the Authority Project Revenue Account.

Rebate Fund

Within thirty (30) days after the end of each Bond Year and within twenty days after the payment in full of all outstanding Series 2010 Bonds, an independent certified public accounting firm, law firm or other firm with experience in preparing rebate reports, which firm is acceptable to the Trustee, will calculate or cause the calculation of the Rebate Amount determined as provided in Section 148 of the Code as of the end of that Bond Year or the date of such final payment. The Trustee is also to notify the Authority in writing of the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund (together with any amounts previously paid to the United States) is less than the Rebate Amount, the Trustee shall transfer to the Rebate Fund, first from the Authority Project Revenue Account, second from the Surplus Fund, third from the Bond Administrative Expense Fund, fourth from the Operating Reserve Fund and fifth from the Replacement and Improvement Fund for deposit in the Rebate Fund, an amount sufficient to equal to the Rebate Amount. If the amount then on deposit in the Rebate Fund is in excess of the Rebate Amount, the excess will be deposited in the Authority Surplus Account. The Trustee is required to use the money in the Rebate Fund to make payment of the Rebate Amount to the United States in accordance with provisions of the Code.

Investment of Funds

Any money held in the Bond Fund, the Project Fund, the Bond Administrative Fund, the Operating Reserve Fund, the Replacement and Improvement Fund, the Rebate Fund, the Authority Project Revenue Account, the Bond Reserve Fund and the Authority Surplus Account will, at the direction of the Authority, be invested and reinvested by the Trustee in Eligible Investments in accordance with the Indenture. Any money held in the Development Corporation Project Revenue Account and the Development Corporation Surplus Account will, at the direction of the Development Corporation, be invested or reinvested by the Trustee in Eligible Investments as directed by the Development Corporation in accordance with the Indenture.

The Authority has agreed in the Indenture and the Development Corporation has agreed in the Development Corporation Lease to restrict the investment, reinvestment and use of the proceeds of the Series 2010 Bonds in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of issuance of the Series 2010 Bonds, so that the Series 2010 Bonds will not constitute arbitrage bonds under federal tax laws.

An investment made from moneys credited to any Fund or Account shall constitute part of that respective Fund or Account, and each respective Fund or Account shall be credited with all proceeds of sale and income from investment of moneys credited thereto; provided, that investment income (whether paid or accrued and unpaid) with respect to the Bond Reserve Fund shall not constitute a part of the Bond Reserve Fund, except as provided in the immediately succeeding paragraph, but instead will be transferred and credited to the Interest Payment Account and shall be used to pay interest on the Series 2010 Bonds on the next possible Interest Payment Date; and that prior to the Completion Date of the Project, (i) all earnings from investments of amounts held in any Subaccount of the Capitalized Interest Account shall be credited to the corresponding Subaccount (for the applicable Series) in the Construction Account, (ii) all earnings from the Bond Reserve Fund shall be credited to the corresponding Subaccount (for the applicable Series) in the Construction Account pro rata to the amounts initially deposited therein, and (iii) all earnings from the Bond Fund and the Replacement and Improvement Fund, shall be credited to the Authority Project Revenue Account.

Any profit or gain realized or interest earned from investments in the Bond Reserve Fund (net of any applicable arbitrage rebate requirement) will be credited to the Bond Reserve Fund to the extent if any necessary to cause the amount therein to equal the Bond Reserve Requirement for the Series 2010 Bonds and any remaining amount will be transferred to the Interest Payment Account in the Bond Fund, and used for the payment of interest on the Series 2010 Bonds on the next Interest Payment Date.

Additional Bonds

The Authority, with the consent of the County and the Development Corporation, may issue Additional Bonds from time to time for the purpose of (i) financing costs of additional improvements to be included in the Fiber Network, (ii) providing additional moneys, if necessary, to complete any portion of the Fiber Network for which Bonds have previously been issued, (iii) refunding or advance refunding any outstanding Bonds or (iv) any combination of (i), (ii) or (iii), all upon compliance by the Authority with the requirements of the Indenture, including the following:

(i) If Additional Bonds are issued in whole or in part to finance improvements (other than any completion improvements permitted pursuant to clause (ii) above), the Authority must furnish to the Trustee the following:

(A) a certificate of the Authority, supported as to technical matters by a certificate of an Independent Engineer, to the effect that improvements are reasonably necessary, in its judgment for the proper and economical operation of the Fiber Network or for meeting existing or prospective demand; and

(B) a certificate of the Fiscal Officer stating that the Debt Service Coverage Ratio for the most recent two Fiscal Years preceding the date of issuance of such Additional Bonds was at least equal to 1.20:1.00, adjusted to reflect, if necessary, rates, charges and rentals of the Fiber Network approved by the Authority before the date of issuance of the Additional Bonds.

(ii) The Supplemental Indenture shall provide for a fund, account or subaccount for the deposit of the Bond Reserve Requirement, if any, securing the Additional Bonds. The Bond Reserve Requirement for the Series 2010 Bonds and the Bond Reserve Fund shall secure only the Series 2010 Bonds and shall not secure any Additional Bonds.

The Additional Bonds will be on parity with or subordinate to any outstanding Bonds theretofore issued and to remain outstanding under the Indenture as to the security of the Indenture, the assignment of the Pledged Revenues and the Special Funds under the Indenture, and payment of Bond Service Charges on the Bonds, as provided in the Supplemental Indenture providing for the issuance of those Additional Bonds. If Additional Bonds are to be on parity with the Series 2010 Bonds, the Authority must furnish to the Trustee prior to authentication of such Additional Bonds original executed counterparts of supplements to the County Contribution Agreement and the Development Corporation Lease securing such Additional Bonds in the same form and substance as the Series 2010 Bonds. Nothing in the Indenture prevents the payment of Bond Service Charges on any series of Additional Bonds from (i) being otherwise secured and protected from sources or by property, instruments or documents not applicable to the Bonds or any one or more series of Additional Bonds, or (ii) not being secured or protected from sources or by property, instruments or documents applicable to the Bonds or any one or more series of Additional Bonds.

In connection with the issuance of any series of Additional Bonds, there will be established such trust funds, and accounts and subaccounts therein, as are required by the applicable Bond Legislation and Supplemental Indenture.

Defeasance

When all debt service on the Bonds has been paid or provision has been made for payment of all such amounts and provision has been made for payment of all amounts due under the Indenture, then and in that event the Indenture (except for certain provisions thereof that are to remain operative such as those relating to the holding of funds for the benefit of particular Holders) will cease, terminate and become null and void, and the covenants, agreements and other obligations of the Authority thereunder will be released, discharged and satisfied. The Trustee will (i) release the Indenture and execute and deliver such instruments or documents in writing as will be requisite to evidence such release and discharge or as may be reasonably requested by the Authority, and (ii) assign and deliver to the Authority or any Paying Agents any property subject at the time to the lien of the Indenture which then may be in their possession, except amounts in the Bond Fund required to be held by the Trustee and the Paying Agents for the payment of Bond Service Charges or payments on the CLPRs.

All or any part of the Bonds will be deemed to have been paid and discharged within the meaning of the Indenture if:

(a) the Trustee and any other paying agent has received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable direct obligations of, or obligations guaranteed by, the United States of America which are certified by a firm experienced in the preparation of verification reports and acceptable to the Trustee to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any moneys to which reference is made in subparagraph (a) above without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided in the Indenture),

for the payment of all Bond Service Charges on those Bonds, at their maturity or redemption dates, as the case may be, or if a default in payment shall have occurred on any maturity or redemption date, then for the payment of all Bond Service Charges or payments thereon to the date of the tender of payment; provided, that if any of those Bonds are to be redeemed prior to the maturity thereof, notice of that redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of that notice.

Events of Default

The following are "Events of Default" under the Indenture:

(a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;

(b) Payment of the principal of or any premium on any Bond shall not be made when and as that principal or premium shall become due and payable, whether at stated maturity, by redemption, pursuant to any mandatory sinking fund requirements, by acceleration or otherwise;

(c) Failure by the Authority to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in the Indenture or in the Bonds, which failure shall have continued for a period of 90 days after written notice, by registered or certified mail, to the Authority specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of not less than 25% in aggregate principal amount of Bonds then outstanding (or if no Bonds are outstanding, at the written request of the County); provided, that if the failure is other than the payment of Bond Service Charges, and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Authority institutes curative action within the applicable period and diligently pursues that action to completion;

(d) The occurrence and continuance of an "event of default" under and as defined in Section 3.7 of the County Contribution Agreement (including generally the failure of the County to adopt the applicable appropriation resolution or resolutions pursuant to the County Contribution Agreement; the failure by the County to timely pay to the Trustee any amount appropriated under the County Contribution Agreement and any default by the County in the performance or observance of any other covenant or agreement contained in the County Contribution Agreement for a period of 60 days after the earlier of actual knowledge of the default by the County or notice thereof from the Trustee or Authority);

(e) The occurrence of an Event of Default as defined in the Development Corporation Lease subject to applicable waivers and cure periods as provided therein (including generally the failure of the Development Corporation to pay Rental Payments when due; the Development Corporation's failure to observe or perform any other covenant, agreement or obligation under the Development Corporation Lease for a period of 60 days after receipt of notice thereof, subject to cure as provided in the Development Corporation Lease and certain events of dissolution, liquidation, insolvency, bankruptcy, reorganization or other similar events with respect to the Development Corporation occur), which Event of Default shall have continued for a period of 90 days after written notice, by registered or certified mail, to the Development Corporation specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion; provided, that if the Event of Default under the Development Corporation Lease is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default under the Indenture so long as the Development Corporation institutes curative action within the applicable period and diligently pursues that action to completion; or

(f) The County or the Authority shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act; (iii) make an assignment for the benefit of creditors; or

(iv) consent to the appointment of a receiver for itself or for the whole or any substantial part of its property or have a receiver or trustee appointed for it or for the whole or any substantial part of its property;

provided, that the declaration of an Event of Default under subparagraph (f), and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of applicable bankruptcy, insolvency or receivership laws affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

If an Event of Default occurs under the Indenture of which the Trustee has notice pursuant to the Indenture, the Trustee is required to give written notice of the Event of Default, within thirty days after the Trustee's receipt of notice of its occurrence, to the Holders of Bonds then outstanding as shown by the Register at the close of business 15 days prior to the mailing; provided that, except in the case of an Event of Default in the payment of the principal of or any premium or interest on any Bonds, the Trustee may withhold such notice if and so long as the Trustee in good faith determines that the withholding of notice to the Holders is not materially prejudicial to the interest of the Holders.

Acceleration

In the event Bond Service Charges are not paid when due, whether at maturity or by redemption, the Trustee shall declare the principal of all Bonds then outstanding and the interest accrued thereon to be due and payable immediately. Upon that declaration, that principal and interest shall become and be due and payable immediately. Interest on such Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to any declaration of acceleration.

The provisions for acceleration are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture or the appointment, and the confirmation, of a receiver (after an opportunity for hearing by the Authority, the County and the Development Corporation), all amounts payable under the Indenture except the principal of, and interest accrued after the next preceding Interest Payment Date on, the Bonds that have not reached their stated maturity dates and that are due and payable solely by reason of said declaration shall have been duly paid or provided for by deposit with the Trustee or Paying Agents and all existing defaults shall have been made good, then and in every such case such payment or provisions for payment shall, ipso facto, constitute a waiver of such default and Event of Default and its consequences and an automatic rescission and annulment of such declaration, but no such waiver or rescission shall extend to or affect any subsequent Event of Default or impair any rights consequent thereon.

Other Remedies

With or without taking action to accelerate the payment of Bond Service Charges as described above, upon the occurrence and continuance of an Event of Default, the Trustee may, with the prior written consent of the County, which consent is not required if there is an Event of Default described in paragraph (a), (b), (d) or (f) under **THE TRUST INDENTURE – Events of Default** above, pursue any available remedy to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under the Indenture, the County Contribution Agreement, the Development Corporation Lease or any other instrument providing security, directly or indirectly, for the Bonds. If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Holders of at least 25% in aggregate principal amount of Bonds outstanding (or if no Bonds are outstanding at the written request of the

County), the Trustee (subject to the provisions of the Indenture), with the prior written consent of the County, which consent is not required if there is an Event of Default with respect to the payment of Bond Service Charges as described under paragraph (a), (b), (d) or (f) under **THE TRUST INDENTURE – Events of Default** above, shall exercise such rights and powers conferred upon it under the Indenture as the Trustee.

As the assignee of all right, title and interest of the Authority (except for the Unassigned Authority Rights) in and to the County Contribution Agreement and the Development Corporation Lease, the Trustee is empowered to enforce each remedy, right and power granted to, and to take any actions authorized to the Authority under those agreements (with as to the Development Corporation Lease the consent of the County unless there is an Event of Default described in paragraph (a), (b), (d) or (f) under **THE TRUST INDENTURE – Events of Default)**. In exercising any remedy, right or power under the County Contribution Agreement or the Development Corporation Lease or under the Indenture, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

Right of Bondholders to Direct Proceedings

The Holders of a majority in aggregate principal amount of Bonds then outstanding, shall have the right at any time to direct, by an instrument or document or instruments or documents in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; provided, that such direction is in accordance with the provisions of law and of the Indenture (including any requirement for County consent), that the Trustee is indemnified as provided in the Indenture, and that the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Rights and Remedies of Holders

A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust thereof, or for the exercise of any other remedy thereunder, unless it obtains the prior written consent of the County, which consent shall not be required if there is an Event of Default as described under paragraph (a), (b), (d) or (f) of **THE TRUST INDENTURE – Events of Default** above, and unless (i) an Event of Default under the Indenture has occurred and is continuing of which the Trustee has been notified or is deemed to have notice, (ii) the Holders of at least 25% in aggregate principal amount of Bonds then outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted provided in the Indenture or to institute such suit, action or proceeding in its own name, and have offered indemnity to the Trustee as provided in the Indenture, and (iii) the Trustee thereafter has failed or refused to exercise the remedies, rights and powers granted under the Indenture or to institute such suit, action or proceeding in its own name.

Waivers of Events of Default

Except as hereinafter provided, at any time, in its discretion, the Trustee, with the prior written consent of the County, which consent shall not be required if there is an Event of Default with respect to the payment of Bond Service Charges as described under paragraph (a), (b), (d) or (f) of **THE TRUST INDENTURE – Events of Default** above, may waive any default or Event of Default and its consequences and may rescind and annul any declaration of maturity or principal of the Bonds. The Trustee, with the prior written consent of the County, which consent shall not be required if there is an Event of Default with respect to the payment of Bond Service Charges as described under paragraph (a), (b), (d) or (f) of **THE TRUST INDENTURE – Events of Default** above, will do so upon the written request of the Holders of (a) at least a majority in aggregate principal amount of all Bonds then outstanding in respect of which an Event of Default in the payment of the debt service on the Bonds exists or (b) at least 25% in aggregate principal amount of all Bonds then outstanding and the prior written consent of the County, in the case of any other Event of Default under the Indenture. Such written request will take priority over other actions requested or authorized by the Holders.

There will not be so waived, however, any Event of Default described in (a) or (b) under **The Trust Indenture – Events of Default** or any declaration of acceleration in connection with any Event of Default rescinded or annulled (or that Event of Default waived), unless at the time of that waiver or rescission and annulment payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any event of default under the Indenture has been discontinued, abandoned or determined adversely to it, the Authority, the Trustee and the Holders of Bonds will be restored to their former positions and rights under the Indenture. No waiver or rescission will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Application of Money

All money received by the Trustee pursuant to any remedial action will be applied first to the payment of the costs and expenses of the proceedings resulting in the collection of the money and any amount required to be deposited in the Rebate Fund, and the balance of such money will be deposited in the Bond Fund and applied to the payment of principal of, premium, if any, and interest on the Bonds, in the order of priority set forth in the Indenture.

Supplemental Indentures

Without the consent of or notice to any of the Holders, the Authority and the Trustee, with the consent of the County and the Development Corporation if required under the Indenture, may enter into Supplemental Indentures not inconsistent with the Indenture in the opinion of the Authority and the Trustee, for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;

(b) to grant to or confer upon the Trustee for the benefit of the Holders additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or the Trustee;

(c) to assign additional revenues under the Indenture;

(d) to accept additional security with respect to the Project;

(e) to add to the covenants, agreements and obligations of the Authority contained in the Indenture, other covenants, agreements and obligations thereafter to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Authority in the Indenture;

(f) to evidence any succession to the Authority and the assumption by such successor of the covenants, obligations and agreements of the Authority contained in the Indenture, the other Transaction Documents and the Bonds and CLPRs;

(g) to permit the use of a particular book entry system, or a different book entry system, to identify the owners of interests in the Bonds whether those interests were formerly, or could be, evidenced by a tangible security;

(h) to permit the Trustee to comply with any obligations imposed upon it by law, including the Code, so long as such change would not be to the prejudice of the Trustee or the Holders;

(i) to specify further the duties and responsibilities of the Trustee, Registrar, authenticating agents and paying agents;

(j) to achieve compliance of the Indenture with any applicable federal securities or tax law if in the opinion of Independent Counsel (Bond Counsel if related to federal tax law) such Supplemental Indenture does not adversely affect the validity or security for the Bonds;

(k) to obtain or maintain a rating on the Bonds from a Rating Service or to obtain or maintain insurance on the Bonds;

(l) to adopt procedures for the disclosure of information to Holders and others with respect to the Bonds and the Authority in accordance with applicable federal securities laws or with any guidelines for such purpose promulgated by any appropriate national organization;

(m) to provide for the issuance of Additional Bonds in accordance with the requirements of the Indenture, including to provide for the subordination of any series of Additional Bonds on terms satisfactory to the Authority and the Trustee and, if and to the extent required by the Indenture, the Holders of Outstanding Bonds and to provide additional security to any series of Additional Bonds that is not available to any other series of Bonds;

(n) to accept additional security and instruments and documents of further assurance with respect to the Fiber Network; and

(o) to permit any other amendment which, in the judgment of the Trustee (relying on the advice of experts where appropriate) in its sole discretion, is not to the material prejudice of the Trustee or the Holders.

Exclusive of Supplemental Indentures for the purposes stated above, Holders of not less than a majority in aggregate principal amount of either the Bonds at the time outstanding, or, if affecting less than all of the outstanding Bonds, of the Series affected, and with the consent of the County and the Development Corporation, the Authority and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders, provided that no Supplemental Indenture may permit: (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or of any interest payment on any Bond, (ii) a reduction in the principal amount of any Bond or any rate of interest or premium thereon, or (iii) a reduction in the amount or extension of the time of payment of any mandatory sinking fund requirements, or (b) without the consent of the Holders of all Bonds then outstanding, (i) the creation of a privilege or priority of any Bond over any other Bond or Bonds, (ii) any change in the priorities of the uses of the Pledged Revenues, or (iii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture; provided, that nothing shall prevent the issuance of any series of Additional Bonds that is subordinate, on such terms as shall be satisfactory to the Authority and the Trustee, to all Outstanding Bonds.

Authority to Maintain Tax Status on the Series 2010 Bonds

In the Indenture, the Authority covenants that it will take, or require to be taken all actions that may be required of it (i) for the interest on the Series 2010B Bonds to be and to remain excluded from gross income of the Holders thereof for federal income tax purposes and (ii) so that the Series 2010A Bonds will qualify and remain qualified as RZEDBs under the Code, and represents that it has not taken, and has not authorized to be taken on its behalf, and covenants that it will not take or omit to take, or authorize to be taken or omitted on its behalf, any actions, which if taken or omitted, would adversely affect the Tax Status of the Series 2010 Bonds for federal income tax purposes.

Commencement and Completion of the Project

The Authority agrees to cause the acquisition and construction of the Project to be completed in a diligent manner and to acquire any real estate or interests in real estate, machinery, appliances, appurtenances, incidentals, materials or equipment necessary or useful for the Project; to operate or cause the Fiber Network to be operated as a revenue producing facility; and to use its best efforts at all times to employ a qualified Manager for the Project in accordance with the Indenture.

Maintenance and Insurance

The Authority does not have any obligation to renew, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary personal property constituting part of the Fiber Network. In any instance in which the Authority in its sole discretion determines that any items of such personal property have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Authority may remove such items of personal property from the Fiber Network and sell, trade in, exchange or otherwise dispose of them, provided that the Authority substitutes and installs in the Fiber Network other personal property having comparable utility (but not necessarily having the same function) in the operation of the Fiber Network and provided further that such removal and substitution shall not impair the operating viability of the Fiber Network. The Authority, however, is not required to install other personal property in substitution for any personal property removed pursuant to the preceding sentence, if in the reasonable opinion of the Authorized Official, such substitution is not necessary to preserve the operating viability of the Fiber Network.

The Authority will pay from Authority Project Revenues, as they become due, all lawful taxes and assessments and governmental charges of any kind that may be levied or assessed against the Project. The Authority agrees to not create or permit to remain with respect to the Project any lien or encumbrance, except for Permitted Encumbrances.

During construction of the Project, the Authority will cause the Project to be insured under builder's risk or other appropriate insurance policies insuring against damage and destruction to the Project during construction. The Authority agrees to obtain from responsible insurance companies, or otherwise as provided below, and to maintain at its expense, insurance upon all the property and equipment from time to time comprising the Fiber Network in the maximum commercially reasonable amount (generally expected to be in a coverage amount that will be substantially less than the aggregate cost of the complete Fiber Network), as determined not less than once every other year by an Independent Engineer or an insurance consultant acceptable to the County that is of a type that typically is insured by public bodies in the State operating fiber networks of similar size and type, including reasonable business interruption coverage. Such requirement will not apply with respect to (i) property or equipment that comprises part of the Project so long as and to the extent that the Project is under construction and that property or equipment is insured under builder's risk or other appropriate insurance policies insuring against damage and destruction to that property or equipment during construction, and (ii) discrete portions of property or pieces of equipment with an insurable replacement value of under $25,000. The Authority may include aggregate deductibles or self insurance retention of up to $100,000 per year in any such policies. Such policies must provide fire and standard extended coverage and insure against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard "extended coverage" or "all risks" policies and against such other risks as are normally insured against by entities engaged in operations similar to the Fiber Network. All such policies must contain standard mortgagee clauses requiring all proceeds (other than proceeds of any business interruption coverage) resulting from any claim for loss or damage to be paid to the Trustee. The Authority is required to procure and maintain workers' compensation coverage as required by the laws of the State. The Authority is further required to obtain from responsible insurance companies and to maintain at its expense, comprehensive general, accident and public liability insurance policies covering bodily injury or death to persons and property damage in an aggregate amount of not less than $500,000 resulting from any one occurrence in connection with the Fiber Network. The Authority may include aggregate deductibles or self insurance retention of up to $100,000 per occurrence in any one year in such policies.

Notwithstanding any provision of the Indenture to the contrary, the insurance required to be maintained may be obtained by the Authority through a cooperative or pool program that provides insurance to one or more political subdivisions of the State, including the County.

Damage to or Destruction of the Fiber Network

Any Net Proceeds received by the Authority in the event of any damage or destruction of the Fiber Network or any part thereof will be paid to and held by the Trustee in a separate insurance loss account, for application of as much as may be necessary of the Net Proceeds (exclusive of any Net Proceeds of any business interruption coverage) for the payment of the costs of repair, rebuilding or restoration of the applicable part of the Fiber Network, and after the completion of such repair, rebuilding and/or restoration and payment in full of the costs thereof, to the redemption of Bonds (of Series selected by the Authority) pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** herein and, if after such redemption, all of the Bonds have been discharged and retired, to be used as provided in the Indenture; provided, that the foregoing commitment to utilize Net Proceeds to repair, restore or rebuild the part of the Fiber Network is subject to the availability of sufficient funds for that purpose and the provisions of the next succeeding paragraph and is made only for the benefit of, and is only enforceable by the Holders of the Bonds (and the Trustee on their behalf) and only from and to the extent of Net Proceeds (and any other amounts deposited with the Authority or the Trustee and available therefor).

In the event that the Authority shall determine that the Net Proceeds of insurance, if any, received in respect of the damage or destruction of the Fiber Network, or any part thereof are sufficient to repair, rebuild, or restore the Fiber Network to the value, condition and character thereof immediately prior to such damage or destruction, with such changes or alterations as the Authority may deem necessary for proper operation of the Fiber Network, the Authority will promptly and, in any event, within sixty days after the occurrence of such damage or destruction, so notify the Trustee, the County and the Development Corporation of its intent to so repair, rebuild or restore. In the event that the Net Proceeds of insurance (exclusive of any Net Proceeds of business interruption insurance) shall exceed $2,500,000 and the Authority has notified the Trustee of its intent to repair, rebuild or restore the Fiber Network, the Trustee will, within five (5) business days of receiving notice of the amount of the Net Proceeds and of the Authority's intent, notify the Holders of the event, of the amount of the Net Proceeds and of the Authority's intent to repair, rebuild or restore the Fiber Network. In the event the Holders of a majority in principal amount of the Bonds Outstanding, within ten (10) business days of the Trustee's mailing of the notice described in the preceding sentence, notify the Trustee of their objection to such use of Net Proceeds, the Net Proceeds will be used to redeem Bonds (of series selected by the Authority) pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** herein on the earliest practicable redemption date (consistent with applicable notice requirements); provided, however, that nothing in the Indenture shall be deemed to require that the Authority or the Trustee redeem Bonds from any amounts other than Net Proceeds. Within 120 days of its delivery of notice of its intent to repair, rebuild or restore the Fiber Network, or within 120 days of the expiration of the time specified in the preceding sentence for Holders to object to the use of Net Proceeds to repair, rebuild or restore the Fiber Network (if the Net Proceeds exceed $2,500,000), as applicable, the Authority must enter into such contracts as are satisfactory to the Authority and the Trustee and consistent with the Act, providing for the repair, rebuilding and restoration of the Fiber Network, and deliver copies of such contracts, together with a performance bond from the contractor guaranteeing full performance by the contractor or contractors of their obligations under such contracts. In the event that the Authority determines that the Net Proceeds are insufficient, together with other amounts, if any, available to and appropriated by the Authority for the repair, rebuilding and restoration of the Fiber Network, or if the Authority shall not have delivered to the Trustee the items described in the previous sentence within the time set forth therein, the Trustee will use the Net Proceeds (but not any other amounts) to effect the redemption of Bonds pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** herein on the earliest possible date. The Trustee is not obligated to make any payment from the insurance loss account if there exists an Event of Default.

<u>Eminent Domain</u>

Any Net Proceeds received from any award made in a proceeding in which title to or the temporary use of the Fiber Network, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, shall be paid to and held by the Trustee in a separate condemnation award account for application of as much may be necessary of the Net Proceeds for the payment of the costs of restoration of the Fiber Network to substantially the same value, condition and character as existed immediately prior to the exercise of the power of eminent domain or the acquisition by construction or otherwise of other improvements suitable and sufficient for the purpose of the portion of the Fiber Network so taken, as contemplated in the Indenture and after the completion of such restoration or acquisition, to the redemption of the Bonds (of series selected by the Authority) pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** herein and, if after such redemption, all of the Bonds have been discharged and retired, to be used as provided in the Indenture; provided, that the foregoing commitment to utilize such Net Proceeds for such restoration or acquisition with respect to the Fiber Network is subject to the availability of sufficient funds for that purpose and the provisions of the next succeeding paragraph and is made only for the benefit of, and is only enforceable by the Holders (or the Trustee on their behalf) and only from and to the extent of Net Proceeds (and any other amounts deposited with the Authority or the Trustee and available therefor).

In the event that the Authority shall determine that the Net Proceeds, if any, received from any condemnation award with respect to the Fiber Network are sufficient to restore the Fiber Network to the value, condition and character thereof immediately prior to the taking to which such award relates, with such changes or alterations as the Authority may deem necessary for proper operation of the Fiber Network, or for the acquisition by construction or otherwise of other improvements suitable and sufficient for the purposes of the portion of the Fiber Network so taken, the Authority will promptly and, in any event, within sixty days after the occurrence of such award, so notify the Trustee, the County and the Development Corporation of its intent to so restore or acquire by construction or otherwise. In the event that the Net Proceeds of any such award exceed $2,500,000, and the Authority has notified the Trustee of its intent to restore or acquire improvements suitable and sufficient for the purposes of the Fiber Network, the Trustee shall, within five (5) business days of receiving notice of the amount of the Net Proceeds and of the Authority's intent, notify the Holders of the event, of the amount of Net Proceeds and of the Authority's intent to restore the Fiber Network. In the event that the Holders of a majority in principal amount of the Bonds Outstanding, within ten (10) business days of the Trustee's mailing of the notice described in the preceding sentence, notify the Trustee of their objection to such use of Net Proceeds, the Net Proceeds will be used to redeem Bonds (of Series selected by the Authority) pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** hereof on the earliest practicable redemption date (consistent with applicable notice requirements), provided, however, that nothing in the Indenture shall be deemed to require that the Authority, the Development Corporation or the Trustee redeem Bonds from any amounts other than Net Proceeds. Within 120 days of its delivery of notice of its intent to restore the Fiber Network, or within 120 days of the expiration of the time specified in the preceding sentence for the Holders of a majority in principal amount of the Bonds Outstanding to object to the use of Net Proceeds to restore the Fiber Network (if the Net Proceeds exceed $2,500,000), as applicable, the Authority must enter into such contracts as are satisfactory to the Authority and the Trustee and consistent with the Act, providing for the restoration of the Fiber Network or acquisition of other improvement suitable and sufficient for the purposes of the Fiber Network, as the case may be, and deliver such contracts, together with a performance bond from the contractor guaranteeing full performance by the contractor or contractors of their obligations under such contracts. In the event that the Authority determines that the Net Proceeds are insufficient, together with other amounts, if any, available to and appropriated by the Authority for the restoration or acquisition, or if the Authority shall not have delivered to the Trustee the items described in the previous sentence within the time set forth therein, the Trustee will use the Net Proceeds (but not any other amounts) to effect the redemption of Bonds (of Series selected by the Authority) pursuant to the redemption provision summarized under **SERIES 2010 BONDS -- Redemption Provisions -- Extraordinary Redemption of Series 2010 Bonds Upon Certain Extraordinary Events** hereof on the earliest possible date. The Trustee shall not be obligated to make any payment from the condemnation award account if there exists an Event of Default.

Annual Accounting

The Authority will furnish to the Trustee, the County and the Development Corporation an annual financial report with respect to the operations of the Authority with respect to the Fiber Network (including the rental payments due and paid or provided for under the Development Corporation Lease and all financial matters pertaining to the Users and User Leases of the Governmental Portion of the Fiber Network) in a form and containing such information as annual financial reports of governmental utilities of similar size and type. Under the Development Corporation Lease, the Development Corporation is to furnish an annual financial report with respect to the Leased Portion of the Fiber Network (including all financial matters pertaining to the Users and User Leases of the Leased Portion of the Fiber Network) in form and substance suitable for the annual financial report of a private network operated by an Ohio nonprofit corporation.

The Trustee

The Trustee is a national banking association organized and existing under the laws of the United States of America and duly authorized to exercise corporate trust powers in the State of Ohio.

The Trustee, prior to the occurrence of an Event of Default under the Indenture, and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default under the Indenture has occurred and is continuing, the Trustee will exercise the rights and powers vested in it by the Indenture as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Indenture provides that the Trustee is entitled to act upon opinions of counsel and will not be responsible for any loss or damage resulting from reliance thereon in good faith. In addition, the Indenture provides that the Trustee is entitled to rely on certain other instruments, and it will not be liable for any action reasonably taken or omitted to be taken by it in good faith or be responsible other than for its own negligence or willful misconduct.

In certain circumstances the Trustee may resign or be removed. The Authority (so long as there is no Event of Default under the Indenture and no condition exists that, with the giving of notice or the passage of time, or both, would constitute such a default or an Event of Default under the Indenture), may remove the Trustee at any time for any reason. The removal of the Trustee may not take effect until the appointment of a successor Trustee and the acceptance by that successor trustee. The successor Trustee (i) must be a trust company, association or a bank having the powers of a trust company, (ii) must be in good standing within the State, (iii) must be duly authorized to exercise corporate trust powers within the State, (iv) must have an unimpaired reported capital and surplus of not less than $75,000,000, and (v) must be willing to accept the trusteeship under the terms and conditions of the Indenture.

APPENDIX B

CONFORMED COPY OF COUNTY CONTRIBUTION AGREEMENT

Conformed Copy

BOND RESERVE FUND NON-TAX REVENUE CONTRIBUTION AGREEMENT

by and among

COUNTY OF MEDINA, OHIO

and

MEDINA COUNTY PORT AUTHORITY

and

THE HUNTINGTON NATIONAL BANK, as TRUSTEE

Dated as of

November 8, 2010

Squire, Sanders & Dempsey L.L.P.
Bond Counsel

BOND RESERVE FUND NON-TAX REVENUE CONTRIBUTION AGREEMENT

THIS BOND RESERVE FUND NON-TAX REVENUE CONTRIBUTION AGREEMENT (this "Agreement") made and entered into as of November 8, 2010, by and among the COUNTY OF MEDINA, OHIO ("County"), a political subdivision organized and validly existing under the laws of the State of Ohio ("State"), the MEDINA COUNTY PORT AUTHORITY, a port authority and a body corporate and politic organized and existing under the laws of the State ("Port Authority"), and THE HUNTINGTON NATIONAL BANK, a national banking association organized and existing under the laws of the United States of America, as trustee ("Trustee"), with each capitalized word or term used as a defined term in this Agreement but not otherwise defined herein having the meaning assigned to it in the Trust Indenture dated as of November 1, 2010, between the Port Authority and the Trustee ("Trust Indenture");

WITNESSETH:

WHEREAS, the County created the Port Authority under Sections 4582.21 through 4582.59 of the Ohio Revised Code and a resolution duly adopted by its Board of County Commissioners ("County Board") so that the Port Authority could undertake, and the Port Authority has undertaken, to assist in the promotion of economic development within the territorial boundaries of the County pursuant to Article VIII, Section 13 of the Ohio Constitution and to otherwise carry out the authorized activities and purposes of the Port Authority and, for that purpose, the Port Authority is undertaking the acquisition, construction, installation, equipping, development and financing, with the Series 2010 Bonds ("Series 2010 Bonds") authorized pursuant to Section 4582.21 et seq. of the Ohio Revised Code ("Port Act"), of real and personal property comprising "port authority facilities" as defined in the Port Act ("Project") including, without limitation, a new fiber optic cable network available for lease to and use by governmental, non-profit, civic and business users ("Lessee/Users") throughout the County, including a core network consisting of approximately 157 +/- miles of new dark fiber, together with all necessary network equipment, in a two-loop configuration with lateral cable as necessary to connect all major population centers in the County with a new 144-strand (72 paired strands) fiber optic cable, and to connect such loops to existing fiber networks in the City of Wadsworth and in neighboring Cuyahoga and Summit Counties, together with certain related fiber and network facilities expected to be required for Lessee/User connections and leased to and used by Lessee/Users; and

WHEREAS, to assist the Port Authority in financing a portion of the Project, the County, pursuant to Resolution No. 10-0058 duly adopted on January 25, 2010 by the County Board and Resolution No. 10-1716 duly adopted on August 23, 2010 by the County Board, has provided the Port Authority with allocations from its allocated Recovery Zone Economic Development Bonds and Recovery Zone Facility Bonds (together "Recovery Zone Bonds") authorized under the Internal Revenue Code of 1986, as amended, and pursuant to Resolution No. 10-1133 duly adopted on March 29, 2010 by the County Board and Resolution No. 10-1716, has provided the Port Authority with reallocations of Recovery Zone Bonds from the Ohio Department of Development; and

WHEREAS, in order to enhance the security for the Series 2010 Bonds, including the Recovery Zone Bonds, and thereby enhance the ability of the Port Authority to issue the Series 2010 Bonds and finance and construct the Project, and thereby aid, promote and enable community and economic development in the County, better and more efficient government operations, the creation and preservation of jobs and employment opportunities within the County and the improvement of the economic welfare of the people of the County and the State, the Port Authority has requested that the County enter into this Agreement to contribute, subject to appropriation, Non-Tax Revenues of the County in an amount sufficient to restore the balance in the Bond Reserve Fund to the Bond Reserve Requirement in the event that the Trustee draws amounts from the Bond Reserve Fund to pay Bond Service Charges on the Series 2010 Bonds when due, all in accordance with this Agreement and Trust Indenture; and

WHEREAS, the County Board, pursuant to Resolution No. 10-1493 adopted June 14, 2010, has approved further actions of the County relating to the Series 2010 Bonds and the Project and has determined that it is in its best interest, and a proper public purpose, to enter into this Agreement to enhance the ability of the Port Authority to issue the Series 2010 Bonds to finance the Project and thereby aid, promote and enable community and economic development in the County, better and more efficient government operations, the creation and preservation of jobs and employment opportunities within the County and the improvement of the economic welfare of the people of the County and the State, all of which will redound to the benefit of the County;

NOW, THEREFORE, in consideration of the premises and intending to be legally bound by this Agreement, the County hereby agrees with and for the benefit of the Port Authority and the Trustee (including their successors and assigns), and the holders of the Series 2010 Bonds, as follows:

ARTICLE I
DEFINITIONS

Section 1.1. In addition to the words and terms used and elsewhere defined in this Agreement or by reference to the Trust Indenture, unless the context or use clearly indicates another or different meaning or intent:

"Act" means Sections 4582.21 through 4582.59 and, in particular, Sections 4582.25 and 4582.43 of the Ohio Revised Code, as enacted and amended from time to time, Chapter 165 of the Ohio Revised Code, as enacted and amended from time to time, and Article VIII, Section 13 of the Ohio Constitution and other statutes of the State enacted pursuant thereto to the extent applicable.

"Bond Reserve Requirement" is used as defined in the Trust Indenture and is initially $1,381,250.

"Non-Tax Revenues" means all moneys of the County that are not moneys raised by taxation and that are lawfully available for the purposes of this Agreement, including, but not limited to the following:

(a) charges for services and payments received in reimbursement for services,
(b) payments in lieu of taxes now or hereafter authorized by State statute,
(c) fines and forfeitures,
(d) fees from properly imposed licenses and permits,
(e) investment earnings on any funds of the County that are credited to the County's General Fund,
(f) proceeds from the sale of assets,
(g) rental income,
(h) grants from the United States of America and the State of Ohio, and
(i) gifts and donations.

"Transaction Documents" is used as defined in the Trust Indenture.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE PARTIES

Section 2.1. The County does hereby represent and warrant that it is a political subdivision duly organized and validly existing under the laws of the State. The Port Authority does hereby represent and warrant that it is a port authority and a body corporate and politic organized and existing under the laws of the State. The Trustee does hereby represent and warrant that it is a national banking association organized and existing under the laws of the United States of America. Each of the parties represents and warrants that it has the power to enter into this Agreement, that it has duly authorized the execution and delivery of this Agreement by proper action and that neither this Agreement nor the agreements herein contained contravene or constitute a default under any law or agreement, instrument or indenture to which it is a party or by which it is bound. Each of the parties further represents and warrants that this Agreement is made in furtherance of powers conferred upon the County by the Act.

Section 2.2. The County intends and reasonably believes that legally available funds (from Non-Tax Revenues) can be obtained, and an appropriation of those funds can be made, in an amount sufficient to pay, to the extent required, the amount set forth in Section 3.1 of this Agreement. The County does hereby represent and warrant that it intends to do all things lawfully authorized to obtain and maintain funds from which payment of the amount set forth in Section 3.1 of this Agreement can be made including requesting provision for such payments, to the extent necessary, in each annual operating budget and in the applicable appropriation resolution or resolutions set forth in Section 3.1 of this Agreement, and acknowledges that the parties benefitted hereby have each acted in reliance on that representation and warranty.

ARTICLE III
COVENANTS

Section 3.1. Not more than fifteen days after it has drawn from the Bond Reserve Fund pursuant to the Trust Indenture, the Trustee shall notify the County in writing, with a copy to the Port Authority, of such draw and of the amount necessary to restore the balance in the Bond Reserve Fund to an amount equal to the Bond Reserve Requirement. Upon receipt of such notification from the Trustee, the County hereby agrees, subject to appropriation in accordance herewith: (i) if practicable, to promptly amend its appropriation resolution for the fiscal year in which the draw was made to appropriate, solely from Non-Tax Revenues, an amount sufficient to restore the balance in the Bond Reserve Fund to the Bond Reserve Requirement and (ii) to the extent the balance in the Bond Reserve Fund is not fully restored to an amount equal to the Bond Reserve Requirement pursuant to clause (i) above, to include in its temporary appropriation resolution or, if a temporary appropriation resolution is not enacted or has been enacted, permanent appropriation resolution for the next succeeding fiscal year, solely from Non-Tax Revenues, an amount sufficient to restore the balance in the Bond Reserve Fund to an amount equal to the Bond Reserve Requirement.

It is expressly understood and agreed that, except as specifically provided herein, this Agreement does not and shall not pledge or require the appropriation or deposit of any tax revenues of the County (although nothing herein shall be deemed to prohibit the County, of its own volition, from using to the extent it is lawfully authorized to do so, any other resources or revenues for the fulfillment of any of the terms of this Agreement).

Section 3.2. From and after the date of this Agreement, the County shall at all times prior to termination of this Agreement include the County Contribution Fund (as defined below) in its annual operating budget as a separate line item supporting the appropriation of funds for paying any amounts and in any year pursuant to this Agreement.

Upon amending or adopting the appropriation resolution or resolutions pursuant to Section 3.1 of this Agreement, the County shall promptly deposit with the County Treasurer, from Non-Tax Revenues, the amounts appropriated therein. Each such deposit shall be made by the County into a separate fund of the County to be established by the County and designated the Fiber Project Bond Reserve Contribution Fund ("County Contribution Fund"). The County Contribution Fund shall be held and maintained in the custody of the County as a trust fund for the benefit of the Trustee (and the holders of the Series 2010 Bonds) and shall be accounted for separately from all other funds of the County. Moneys on deposit in the County Contribution Fund shall be used solely for the purposes provided in this Agreement. Moneys on deposit in the County Contribution Fund shall be invested by the County in lawful investments for the County, but such investments shall mature or be redeemable at the option of the County at the times and in the amounts necessary to provide moneys, if and as necessary, to pay the amounts hereunder when they become due and payable.

Upon amending or adopting the appropriation resolution or resolutions pursuant to Section 3.1 of this Agreement, the County shall promptly, and in any event not later than thirty days prior to the next succeeding Interest Payment Date or Principal Payment Date, whichever occurs first, pay to the Trustee from the County Contribution Fund the amount appropriated in such resolution or resolutions. If the County Board determines not to make an appropriation or to make an appropriation in an amount less than the amount set forth in Section 3.1, the County shall immediately notify the Port Authority and the Trustee of that fact. Neither the Trustee, the Port Authority, the Bondholders nor any other party has the legal right to compel the County Board to appropriate any amount hereunder or any particular amount.

Upon adoption of the applicable appropriation resolution or resolutions set forth in Section 3.1 of this Agreement, the County hereby agrees (i) to deliver a certified copy of the applicable appropriation resolution or resolutions, together with a certificate in substantially the form of the Fiscal Officer's Certificate attached hereto (with such changes as may be required by law) certifying that the County has appropriated sufficient funds to enable the County to pay the amount set forth in Section 3.1 of this Agreement, to the Port Authority and the Trustee not later than the date the applicable appropriation resolution or resolutions are adopted by the County Board and (ii) for the balance of such fiscal year, include in the County Contribution Fund line item of its annual operating budget an amount fully supporting the appropriation or appropriations of the funds in such appropriation resolution or resolutions.

Section 3.3. The obligations of the County set forth in Sections 3.1 and 3.2 hereof shall not be affected, modified or impaired by reason of the happening from time to time of any event, including without limitation any one or more of the following, whether or not with notice to, or consent of, the County:

(a) the assignment, pledge, mortgaging or granting of security interests in or the purported assignment, pledge, mortgaging or granting of security interests in all or any part of the interest of the Trustee or the Port Authority in the Project or any failure of title with respect to the interest of the Port Authority in the Project; or

(b) the waiver of the performance or observance by the Port Authority of the obligations, covenants or agreements contained in the Trust Indenture, this Agreement or any Transaction Document; or

(c) the extension of the time for payment of Bond Service Charges on any Series 2010 Bonds or of the time for performance of any other obligations, covenants or agreements under or arising out of this Agreement, the Trust Indenture or any other Transaction Document; or

(d) the modification or amendment of any obligation, covenant or agreement set forth in this Agreement, the Trust Indenture or any other Transaction Document; or

(e) the taking or omission of any of the actions referred to in this Agreement, the Trust Indenture or under any other Transaction Document; or

(f) any invalidity or unenforceability of any terms or provisions of any Series 2010 Bonds, this Agreement, the Trust Indenture or any other Transaction Document, or any loss or release or substitution of, or other dealing with, any security created by this Agreement, the Trust Indenture, any other Transaction Document or the Series 2010 Bonds; or

(g) any failure, omission, delay or lack of diligence on the part of the Trustee to enforce, assert or exercise any right, power or remedy conferred on the Trustee, the Bondholders or the Port Authority in this Agreement, the Trust Indenture or any other Transaction Document, or any other act or acts on the part of the Trustee, the Bondholders or the Port Authority; or

(h) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all of the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition with creditors or readjustment of, or other similar proceedings affecting the County or the Port

(i) to the extent permitted by law, the release or discharge of the Port Authority from the performance or observance of any obligation, covenant or agreement contained in any Transaction Document by operation of law; or

(j) the default or failure of the Port Authority fully to perform any of its obligations set forth in any Transaction Document; or

(k) the failure of the Trustee or the Port Authority to give notice to the County of the occurrence of any Event of Default (except as otherwise required by the Transaction Documents as a condition to create an Event of Default); or

(l) the compromise, settlement, release, discharge or termination of any or all of the obligations, covenants or agreements of the Trustee, the Bondholders or the Port Authority under the Transaction Documents, by operation of law or otherwise, except as may result from payment in full of the Series 2010 Bonds; or

(m) any other material event, circumstance, right, claim or defense of any character whatsoever.

Section 3.4. The County hereby expressly acknowledges that the Port Authority and the Trustee have accepted and relied on this Agreement in order to take actions that will result in direct benefits to the County, and that the Holders of the Series 2010 Bonds have relied on this Agreement in purchasing the Series 2010 Bonds. The County hereby expressly waives notice from the Holders of the Series 2010 Bonds of any acceptance of and reliance upon this Agreement by those Holders.

Section 3.5. Except as specifically provided herein, the obligation of the County in Section 3.2 herein to pay the amounts appropriated by it in Section 3.1 herein to the Trustee shall be absolute and unconditional in all events and will not be subject to any setoff, counterclaim or abatement for any reason.

Section 3.6. At the end of each fiscal year of the County, the County shall have an annual audit made as required by law and keep true and proper books of records and accounts in which full and correct entries are made and shall reflect in its financial statements adequate accruals and appropriations to reserves, all in accordance with GAAP as applied to governmental entities. The County shall deliver to the Trustee within 30 days after the receipt and approval or acceptance of its annual audit by the County Board, a copy of that audit accompanied by an opinion thereon of the Auditor of State or an independent certified public accountant approved by the Auditor of State stating that those balance sheets and financial statements have been prepared in accordance with GAAP and that the audit by such accountants in connection with those balance sheets and financial statements has been made in accordance with generally accepted auditing standards. In addition, the County shall prepare and provide to the Trustee, within six months after the end of each fiscal year of the County, its Comprehensive Annual Financial Report containing substantially equivalent information to that contained in the current such Report. The County shall deliver to the Trustee copies of its Annual Information Filings as soon as available and any additional items required to be delivered by the County under any Continuing Disclosure Agreement with respect to the Series 2010 Bonds.

Section 3.7. An "Event of Default" hereunder shall mean:

(a) The failure of the County to adopt the applicable appropriation resolution or resolutions pursuant to Section 3.1 of this Agreement; or

(b) The failure by the County to timely pay to the Trustee any amount appropriated hereunder; or

(c) Any default by the County in the performance or observance of any other covenant or agreement contained herein, which default shall continue for sixty (60) days or more after the earlier to occur of actual knowledge of such default by the County or notice from the Trustee or the Port Authority.

Section 3.8. Subject to the last sentence of the third paragraph of Section 3.2 hereof, if an Event of Default occurs under Section 3.7 of this Agreement, the Trustee shall have and may from time to time exercise any and all remedies, legal or equitable, including but not limited to its rights to sue for damages and to collect the amounts due from the County pursuant to this Agreement but solely from the Non-Tax Revenues. Each right, power or privilege specified or referred to in this Agreement is in addition to any other rights, powers and privileges that the Trustee may otherwise have or acquire by operation of law, by contract or otherwise. Except as otherwise specifically provided herein, no course of dealing in respect of, nor any omission or delay in the exercise of, any right, power or privilege by the Trustee shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any further or other exercises thereof or of any other such right, power or privilege, as each right, power or privilege may be exercised independently or concurrently with others and as often and in such order as the Trustee may deem expedient. The Trustee may from time to time grant the County waivers and consents in respect of this Agreement, but no such waiver or consent shall be binding upon the Trustee unless specifically granted in writing, which writing shall be strictly construed, and no such waiver or consent shall apply to any event except that to which it specifically relates.

Section 3.9. Upon the request of the Port Authority, the County agrees to deliver to the Port Authority such additional information as the Port Authority determines it may need in connection with any obligation it has entered into, or may enter into, for the purpose of permitting an underwriter of outstanding Series 2010 Bonds to satisfy the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3.10. The County covenants that it will restrict the investment and reinvestment of the moneys on deposit in the County Contribution Fund created in such manner and to such extent, if any, as may be necessary, so that any Bond will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code and the regulations prescribed under that Section. In complying with this covenant, the County is entitled to rely on the opinion of any nationally recognized bond counsel selected by the County.

Section 3.11. Each obligation of the County required to be undertaken pursuant to this Agreement is binding upon the County, and upon each officer or employee thereof as from time to time may have the authority under law to take any action on behalf of the County that may be necessary to perform all or any part of that obligation, as a duty of the County and of each of those officers and employees resulting from an office, trust or station within the meaning of Section 2731.01 of that Revised Code providing for enforcement by writ of mandamus.

Section 3.12. The initial optional redemption date on the Series 2010 Bonds shall be not later than December 1, 2020. On or after December 1, 2019, the County may request that the Port Authority determine the feasibility of redeeming the Series 2010 Bonds, including from the proceeds of refunding bonds issued without credit support provided by the County. After receipt of any such request, the Port Authority agrees to use commercially reasonable efforts to redeem the Series 2010 Bonds as soon as practicable thereafter including if necessary for that purpose to issue refunding revenue bonds secured solely by the revenues of the Project.

ARTICLE IV

Section 4.1. Each payment by the County to the Trustee pursuant to Section 3.2 hereof is made for the benefit of the Port Authority in order to satisfy its obligations under the Trust Indenture and shall be deemed to be a loan by the County to the Port Authority for the Project ("County Loan"). The Port Authority hereby agrees to repay each County Loan, with interest at a rate per annum based on the net average cost of funds to the Port Authority on the Series 2010 Bonds, determined at the time of awarding the Series 2010 Bonds, and as set forth in the Certificate of Award; provided, however, that (1) such principal and interest shall be payable in accordance with the Trust Indenture solely from Pledged Revenues or, after payment and retirement of all of the Series 2010 Bonds, from any remaining funds held by the Trustee under the Trust Indenture; (2) the payment of such principal and interest shall be subordinated to the payment of Bond Service Charges on the Series 2010 Bonds and the funding of all required reserves under the Trust Indenture; (3) all principal and interest thereon shall be due and payable on June 1, 2031, the first Interest Payment Date following the payment of all scheduled debt service on the Series 2010 Bonds; and (4) in accordance with the Trust Indenture, so long as any County Loan shall be outstanding, the Port Authority shall pay or prepay on or before the fifteenth (15th) day after the December 1 Interest Payment Date all or a portion of the amounts accrued on the County Loans (with all interest to be paid before prepayment of any principal) to the extent there are surplus Pledged Revenues after the funding of all required reserves under the Trust Indenture.

ARTICLE V
MISCELLANEOUS

Section 5.1. Notice of acceptance of this Agreement and notice of the execution and delivery of any other instrument to which reference is made in this Agreement, are hereby waived by the County.

Section 5.2. This Agreement is made for the benefit of the Trustee, and of its successors and assigns (whether by operation of law, merger, contract or otherwise), and each of

Section 5.3. This Agreement shall remain in full force and effect from the date hereof through, and the term of this Agreement shall terminate on, the date of the payment and retirement of all of the obligations under this Agreement and the Trust Indenture, in accordance with this Agreement and the Trust Indenture.

Section 5.4. In case any provision of this Agreement or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and any other application thereof shall not in any way be affected or impaired thereby.

Section 5.5. This Agreement constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, of the parties with respect to the subject matter hereof, and may be executed simultaneously in several counterparts, each of which shall be regarded as an original, and all of which together shall constitute but one and the same instrument.

Section 5.6. This Agreement constitutes a separate instrument, enforceable in accordance with its terms, and neither this Agreement nor the obligations of the County hereunder shall, under any circumstance or in any legal proceeding, be deemed to have merged into or with any other agreement or obligations of the County.

Section 5.7. This Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

[Balance of Page Intentionally Left Blank; Signatures on Next Page]

IN WITNESS WHEREOF, the County has caused this Agreement to be executed in its name and on its behalf by at least two of its County Commissioners, the Port Authority has caused this Agreement to be executed in its name on its behalf by its Chair, and the Trustee has acknowledged its acceptance of this Agreement by the signature of the officer set forth below, all as of the day and year first above written.

MEDINA COUNTY PORT AUTHORITY

By: /s/ Ronald H. Paydo
Chair

THE HUNTINGTON NATIONAL BANK, as Trustee

By: /s/ Francis G. Lamb
Vice President

COUNTY OF MEDINA

By: /s/ Sharon A. Ray
Commissioner

By: /s/ Pat Geissman
Commissioner

By: /s/ Stephen P Hambley
Commissioner

FISCAL OFFICER'S CERTIFICATE

The undersigned, County Auditor of Medina County, Ohio, hereby certifies that the moneys required to meet the obligations of the County for fiscal year 2010 under the foregoing Bond Reserve Fund Non-Tax Revenue Contribution Agreement (such amount being $0) have been, if and to the extent necessary, lawfully appropriated by the County for such purposes and are in the treasury of the County or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This Certificate is given in accordance with Sections 5705.41 and 5705.44 of the Ohio Revised Code.

Dated: November 24 , 2010

/s/ Michael E. Kovack
County Auditor
County of Medina, Ohio

FISCAL OFFICER'S CERTIFICATE

The undersigned Fiscal Officer of the Port Authority under the foregoing Bond Reserve Fund Non-Tax Revenue Contribution Agreement hereby certifies that the moneys required to meet the obligations of the Port Authority during fiscal year 2010 under that Agreement have been lawfully appropriated by the Port Authority for such purposes and are in the Treasury of the Port Authority or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. This certificate is given in accordance with Sections 5705.41 and 5705.44, Ohio Revised Code.

Date: Nov. 30, 2010

/s/ James A. Gerspacher
Secretary of the Board of Directors
Medina County Port Authority

APPENDIX C

SELECTED COUNTY INFORMATION

TABLE OF CONTENTS

Attachment A-2: Comparative Cash Basis Summary of Health District Fund Receipts and Expenditures for Fiscal Years 2005 through 2009, and Projected for Fiscal Year 2010

Attachment B: Basic Financial Statements from the County's Financial Report for Fiscal Year 2009 (Audited)

THE COUNTY

General Information

The County is located in north central Ohio abutting the southern border of Cuyahoga County (containing the City of Cleveland), the western border of Summit County (containing the City of Akron), the northern border of Wayne County and the eastern borders of Lorain and Ashland Counties.

In the 2000 Census classifications, the County was in the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), comprised of the six counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Metropolitan Statistical Area (CMSA). Effective in 2003, the PMSA was redefined to exclude Ashtabula County and was reclassified as the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA). The CMSA was reclassified as the Cleveland-Akron-Elyria Combined Statistical Area (CSA). Only limited statistics are now available for the new MSA and CSA.

The County's 2000 population of 151,095 placed it as the 13th most populous of the State's 88 counties. The City of Brunswick, with a 2000 population of 33,388, is the largest municipality in the County. Ten other cities and villages, and 17 townships, are located in the County.

The County's area is approximately 421.6 square miles, broken down by land use as follows:

	Percent of Assessed Valuation of Real Property
Residential	79.10%
Commercial/Industrial	15.65
Public Utility	0.01
Agricultural	5.24
Undeveloped	(a)

(a) Included in above categories.

The cities, villages and townships, together with the various special districts and other governmental entities operating in the County, are responsible for many local governmental services and make significant expenditures to provide such services to County residents. The County also has significant responsibilities in the areas of general government, administration of justice, health care, sanitation, and welfare and public assistance.

Cities and villages in the County provide various services pursuant to statutory authorizations and the constitutional grant to municipal corporations of "all powers of local self government." Among the services provided and powers generally exercised by cities and villages (and to some extent by townships) are public safety, including police and fire; construction, maintenance and repair of streets and sidewalks; certain sanitation and health activities; recreation, including parks, playgrounds, and swimming pools; certain public service enterprises such as water and sewer systems, airports, and hospitals; and certain planning and zoning functions.

The County nonetheless has significant responsibilities in the areas of general government, administration of justice, road and bridge maintenance, health care, sanitation, and public welfare, social services and public assistance. The County also operates water and wastewater collection and treatment systems.

Educational services are provided by the various school districts within the County. There are a number of special districts and other governmental entities currently performing particular functions in the County; these include the Wadsworth/Rittman Hospital District (health services) and the Muskingum Chippewa Water Conservancy District (water conservation and preservation).

Located within commuting distance of the County are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Ashland University, The University of Akron, Baldwin Wallace College, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, Notre Dame College for Women, Oberlin College, Ursuline College, and The College of Wooster.

Southwest General Hospital, located nearby in the City of Middleburg Heights, Medina General Hospital, located in the City of Medina, Summa Wadsworth-Rittman Hospital, located in the City of Wadsworth, and Akron General - Lodi Community Hospital, located in the Village of Lodi, serve the County. Medina General Hospital operates urgent care centers in the cities of Medina and Brunswick.

Major railroads serving the County include Conrail and Norfolk and Western. Three interstate highways (I-71, I-76 and I-271), nine State and two U.S. highways, serve the County, enabling trucking companies to provide motor freight carrier service between the County and various points throughout the United States.

The Cleveland Hopkins International Airport is located approximately 18 miles north of the City of Medina, and the Akron-Canton Airport is located approximately 25 miles southeast of the City of Medina. Limited local air service is available locally at Wadsworth Municipal Airport and Freedom Field Airport, both located in the County.

The Greater Cleveland Regional Transit Authority provides public mass transportation to County residents at stops in the City of Brunswick. Bus service is provided to Cuyahoga, Lake and Lorain Counties. In January 1993, the County began operating a County wide transit program for the benefit of, among others, senior citizens, handicapped citizens, mental health clients, and low income individuals. This County transit program began as a program funded primarily by State grants and service provider agreements with other County agencies and various nonprofit organizations. This program has now evolved into a rural public transit system financed with State and Federal operating and capital funds.

The County has a strong agricultural economy, particularly in its southern portions. The County's largest source of agricultural receipts is dairy products. Other agricultural products include corn, soybeans, wheat, oats and rye.

County Government

The County has only those powers (and powers incidental to them) conferred upon it by the State Constitution and statutes. A three-member Board of County Commissioners (the Board), elected at large in even-numbered years for four-year overlapping terms, is the legislative and executive body of the County.

There are eight other elected County administrative officials, each independent within the limits of the statutes relating to the particular office. These officials, elected to four-year terms, are the Auditor, Treasurer, Clerk of Courts, Recorder, Engineer, Sheriff, Prosecuting Attorney and Coroner. Judges of the various courts – common pleas and appeals – are also elected, and serve six-year terms.

The general responsibilities of the Board are centered in the areas of financial management, management of most County facilities, and personnel administration. (See also **County Services and Responsibilities**.) In 1978, the County established the position of County Administrator. The County Administrator assists in the administration, enforcement and execution of the policies and resolutions of the Board; supervises and directs the activities of the affairs of the divisions of the County government under the Board's jurisdiction; advises the Board on financial conditions of the County, and prepares and submits fiscal year budgets; and performs other duties determined by the Board.

The Board is responsible for providing and managing the moneys used to support most County activities. In providing this financial management, the Board exercises its legislative powers in budgeting, appropriating moneys, levying taxes, issuing bonds and notes, and letting contracts for public works and services.

Administration costs account for the largest share of the County's general fund expenditures. There are several independent boards and commissions which administer a variety of services within the County; see **County Services and Responsibilities**. Some of these boards and commissions are appointed in their entirety by and are subject to complete fiscal control by the Board. Others have no members appointed by the Board and may, to varying extents, be independent of fiscal control by the Board. There are also instances in which the Board does not have appointing powers but does have extensive financing, funding, budgeting and accounting responsibilities, such as for the Board of Elections and various courts.

County Officials

The elected County officials and major appointed County officials are listed below. The appointed officials are appointed by and serve at the pleasure of the Board.

Elected Officials	Name of Incumbent	Beginning Date of Present Term	Years of Incumbency	Expiration Date of Present Term
Commissioners	Patricia G. Geissman	1/3/09	16	1/2/13
	Stephen D. Hambley(a)	1/2/09	12	1/1/13
	Sharon A. Ray	1/1/07	6	12/31/10
Sheriff	Neil F. Hassinger	1/5/09	12	1/6/13
Recorder	Colleen M. Swedyk	1/5/09	2	1/6/13
Auditor	Michael E. Kovack	3/12/07	15	3/13/11
Treasurer	John A. Burke	9/7/09	14	9/1/13
Engineer	Mike Salay	1/5/09	4	1/6/13
Prosecutor	Dean Holman	1/5/09	19	1/6/13
Clerk of Courts	Kathy Fortney	1/5/09	16	1/6/13
Common Pleas Court				
Civil Division	James Kimbler	1/1/09	12	12/31/14
	Christopher Collier	1/1/09	10	12/31/12
Domestic Relations	Mary Kovack	1/1/07	8	12/31/12
Probate and Juvenile Division	John J. Lohn	2/9/09	6	2/8/15
Coroner	Neil Grabenstetter	1/5/09	19	1/6/13

(a) President of the Board.

Appointed Officials	Name of Incumbent	First Year of Appointment(a)
Administrator	Christopher Jakab	2006
Clerk of the Board	Pamela Vereb	2006
Finance Director	Scott Miller	2006
Director of Job and Family Services	Mead Wilkins	1996
County Sanitary Engineer	James F. Troika	2006

(a) All appointed officials are appointed annually by the Board.

In addition to the Board, some of the offices which can be grouped under the category of general government are of particular pertinence to the financial affairs of the County. See also **Financial Matters**.

The *County Auditor* is elected to a four-year term and has as one of his most important functions the task of assessing real property for taxing purposes. A complete reappraisal must be conducted every six years, and a triennial update between reappraisals. The Auditor is the fiscal officer of the County, and in general no County contract or obligation may be made without the Auditor's certification that funds are available for payment, and no account may be paid except by the Auditor's warrant drawn upon the Treasurer. The Auditor is responsible for the County payroll and also has statutory accounting responsibilities. The Auditor is a member and secretary of the Board of Revision, the Budget Commission, the Building Commission, the Records Commission and the Microfilming Board, and is the administrator and supervisor of the County Data Processing Center.

The *County Treasurer* is required to collect certain taxes and to distribute them to various governmental units. The Treasurer is the disbursing agent for expenditures authorized by the Board and has charge of the Bond Retirement Fund and, generally, of County investments. The

Treasurer is to make daily reports to the Auditor showing receipts, payments and balances, and the Treasurer's books of account are to balance with those of the Auditor. The Treasurer is a member of the Board of Revision and the County Budget Commission.

The Treasurer, Auditor and Prosecuting Attorney form the County Budget Commission which plays an important part in certain aspects of the financial administration of local governments.

The *Finance Director* is appointed by the Board of County Commissioners to oversee, on its behalf, the budget and management activities of the County. The Finance Director is also responsible for coordinating County debt issuances, administering self-insurance programs and policies, providing grant administration, and assisting in management of construction projects.

The *County Engineer*, required by law to be a registered professional engineer and surveyor, serves as the civil engineer for the County. The County Engineer's primary responsibilities relate to the construction, maintenance, and repair of the 328 miles of County roads, and of bridges and storm and surface water runoff and other drainage systems. The Board takes bids and awards contracts for projects recommended and approved by the Engineer.

Employees

As of December 31, 2009, the County has 1,078 full-time employees in various job classifications, and 246 permanent part-time employees. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

Full-time employees are represented by the following bargaining units:

Employees	Organization	Number of Members of Bargaining Unit	Labor Agreement Expiration Date
MRDD/Achievement Center	Ohio Education Association	167	2012
	AFSCME, Local #2868	22	2012
Sheriff Deputies & C.O.s, Sgts, and Communication Techs	Ohio Patrolmen's Benevolent Association, Inc. (OPBA), Local #84	110	2010
Department of Job and Family Services	International Brotherhood of Teamsters, Local #293	58	2010
Sanitary Engineering Department	International Service Employees Union, Local #47	38	2010
	Teamsters, Local #436	10	2010
Transit Department	Ohio Assoc. of Public School Employees	36	2010
Child Support Enforcement	Teamsters, Local #293	26	2010
Highway Engineer	Teamsters, Local #436	24	2011
Building Maintenance Department	Service Employees International Union, Local #47	11	2010
Sheriff Lieutenants	Fraternal Order of Police	5	2010

The remaining full-time County employees have not elected to join a bargaining unit.

Generally the terms of the salaries, wages and other economic benefits for County employees have been the products of negotiations with representatives of the employees or bargaining unit. Increases in economic benefits have been provided on an annual basis.

In the judgment of the County Commissioners, labor relations with County employees have been and are excellent.

The County provides a self-funded PPO Health Care Plan to all full-time employees. Employees may select from two plan designs within the PPO program: traditional and higher deductible. Employees who choose the traditional plan contribute 10% of the cost of coverage; employees opting for the higher deductible plan contribute 5% of the cost. The total monthly funding rates have not increased during the last three plan years. The County maintains, at a minimum, a two month claim reserve in its Health Care Fund.

County Facilities

The Board has certain responsibilities for the management of most County facilities, including the jail, various courts and administrative facilities.

Present County facilities include: the County Jail, the Juvenile Detention Center, the Courthouse Complex, the Administration Building, the County Home, the Department of Human Services, the Human Services Centers, and the facilities of the County Engineer, County Prosecutor and the Sanitary Engineer, and the Solid Waste Management District.

The County currently carries real property and contents casualty insurance in a total covered value amount of $267,132,248, with a deductible of $2,500.

County Services and Responsibilities

The following descriptions are of selected County services and responsibilities.

Public Assistance and Health

The Department of Job & Family Services administers the public welfare functions within the County. The Department is headed by a Director who is appointed by and responsible to the Board, and who is advised by the County Job & Family Services Advisory Board comprised of 17 members appointed by the Board.

The Department is one of the largest departments in County government with 78 full-time employees. The Ohio Department of Job & Family Services certifies the expenditures of the various programs to be administered by the Department, which are partially supported by a local County share of the cost. Most of the funding for programs administered by the Department flows directly from the State and federal governments to recipients in programs for which the County performs various administrative tasks such as eligibility determination. Expenditures of the County's own funds for the activities and programs of the Department are funded from the County's general operating funds.

The Department is a combined social services agency delivering services in the following programs: Ohio Works First (OWF - formerly known as ADC), Food Stamps, Medicaid, Children's Protective Services, Adult Protective Services, Foster Care and Adoption.

The Department of Job & Family Services is also the site of Medina's "One Stop Shop" for employment and training resources. The "One Stop Shop" includes staff from the Ohio Bureau of Employment Services, a representative to assist veterans, the Goodwill Private Industry Council Employment Resource Center, the Workforce Development employment program and staff from the Medina County Career Center who provide adult basic education and lifelong learning services.

Periodic examinations of the County Department are made by the State Department of Job and Family Services. The most recent audit covered the period of April 1, 2005 through March 31, 2006; the final audit reports were released for this period.

Various commissions and boards, and facilities, also operate in the area of health and public assistance, but separately from the County Department of Human Services.

- The *Veteran's Service Commission* assists veterans and their dependents by providing emergency assistance and applying for assistance under various Veterans Administration programs. The five members are appointed by the Common Pleas Court and serve five-year terms. The activities of the Commission are financed from the County's General Fund.

- The County's program for the mentally retarded and developmentally disabled, operated through the Board of Mental Retardation and Developmental Disabilities, provides various services to mentally retarded children and adults, including training classes, workshops, and home services. Of the seven Board members, five are appointed by the Board and two by the County Probate Judge. In addition to receiving State reimbursement, and tuition reimbursement from school districts in the County, this Board's activities are currently funded by a continuing, 1.00-mill voted levy, a 10-year, 1.12-mill voted levy expiring in 2010 and a continuing, 1.90-mill voted levy. These levies currently generate a combined total of approximately $12.1 million annually.

- The *Alcohol, Drug, and Mental Health Services Board* plans and administers the County's mental health programs. This Board consists of 18 members, 10 appointed by the Board of County Commissioners and eight by the State. The activities of this Board are mostly paid from federal and state revenue sources; the County's general fund also contributes an annual subsidy to the Board to assist in the local program efforts.

- The *County Health District* serves all of the County, including all of the cities. All city health districts combined with the County Health District in 1962 to form the Medina County Combined General Health District. The Health District is governed by the six-member Board of Health, consisting of one member from each of the three cities and three members selected from all of the townships and villages. A District Advisory Council, consisting of the President of the Board of County Commissioners, the Chief Executive Officer of each municipality in the County and the President of each Board of Township Trustees, meets annually to appoint a Board of Health member. The term of office is six years; one member is appointed each year. The Health District is governed by the Board of Health, consisting of six members. The Board of Health is its own appropriating authority. Revenue is received from voted property taxes, grants, fees for service and State subsidy. No County funds are provided to the Health District.

The Health District provides many different services to the citizens of the County. Most are mandated by State law. Others are identified by needs surveys or requests from community leaders and individuals. The Health District is comprised of the Nursing Division, the Environmental Division, the Vital Statistics Section, the Women, Infants and Children Program (WIC) and the Administration Division.

The Nursing Division provides services which include childhood and adult immunizations, communicable disease control, tuberculosis screening and follow up, sexually transmitted disease testing and follow up, Bureau for Children with Medical Handicaps Program, Early Intervention Programs, Child and Adolescent Health Services, Adult Health Clinic, Travel Health Clinic, Influenza Clinics and Tobacco Compliance Program. Student nurses from eight area colleges and universities complete their public health clinical experiences with the Nursing Division.

The WIC Program is an educational, supplemental food program geared toward pregnant women, breast feeding mothers and children up to five years of age.

The Environmental Division is responsible for monitoring, inspecting and regulating systems and issues relevant to public health in the context of the environment. The Environmental Division oversees and administers public water systems, on-lot septic systems, plumbing inspections: (residential and commercial), beach and swimming pool program, mobile home park and campground program, restaurant licensing and inspections, rabies control, school safety inspections, solid waste control, infectious waste control, and tattoo parlor and body piercing licensing and inspecting.

The Vital Statistics Section records all births and deaths occurring in the County, provides copies to individuals and entities requesting such information and maintains a statistical breakdown of the major causes of death in the County.

The Administration Section oversees and carries out the daily operation of the Health District, including financial management.

The Board of Health may set fees for services, both mandatory and discretionary. The fee structure is reviewed each year and set at a level that will pay for Health District expenses.

- The *Medina County Drug Abuse Commission* consists of nine members, all appointed by the Board, which administers the expenditure of the proceeds of the voter-approved 5-year, .35-mill tax levy most recently renewed by the voters in 2006. The Commission awards annual grants to address and fund drug education, treatment and enforcement programs. Members of the Commission are appointed from the education, medicine and law enforcement fields as well as from the subdivisions in the County.

Administration of Justice

As a part of the administration of justice system in the County, the County maintains the Common Pleas Court (the court of general jurisdiction), which includes the domestic relations, probate and juvenile divisions. The Prosecuting Attorney's office and the County Jail are also maintained by the County.

In Ohio, a court of general jurisdiction may mandamus (compel) the appropriation of moneys which the court, in its discretion, deems appropriate for the orderly and efficient exercise of its jurisdiction. The Ohio Supreme Court has held that laws which empower any other branch of government to determine the level of funding necessary to administer the courts constitute an impermissible legislative encroachment upon the inherent powers of the judiciary.

The Prosecuting Attorney is the chief legal counsel for all County officers, boards, and agencies, including the Board, the Auditor and the Treasurer, and for the townships and local school districts. This official is also a member of the County Budget Commission.

The Clerk of Courts (serving the Common Pleas Court and the Court of Appeals) operates on a system of fees charged for services, and is essentially a self-supporting office.

The services of the Sheriff, the County's chief law enforcement officer, include maintaining a staff of deputies to assist local law enforcement officers upon request and to enforce the law in unincorporated areas. The Sheriff also operates the County Jail and, as an officer of the courts, serves court documents, operates a dispatch center, employs a bureau of detectives, and maintains a Courthouse security staff.

County Utilities

Wastewater Treatment and Water Distribution

The County Sanitary Engineering Department (the Sanitary Engineering Department), created by the Board, operates sanitary sewer systems and water supply systems in a single County wide sewer district created by the Board. The County has adequate sanitary sewer collection, treatment and disposal for all areas in which it presently has extensive development.

Several municipalities are responsible for the purification and distribution of water and for wastewater collection and treatment in certain areas of the County not served by the County's sewerage and water systems. The County purchases bulk water for distribution in two of its sewer districts from the Rural Lorain County Water Authority (RLCWA). Water systems in some of the southern parts of the County are supplied from wells; others are served by direct connection with the RLCWA. The single County wide district is divided into six areas, created for budgetary purposes by the Sanitary Engineering Department, which are discussed in more detail below.

Sewer Area No. 300. This area includes the northeast part of the City of Brunswick and a portion of Hinckley and Brunswick Hills Townships. The County has also entered into agreements with the City of North Royalton, the City of Broadview Heights, and the City of Strongsville, all located in Cuyahoga County, to provide sewer service for the southern portions of those three cities and the Summit County area of Richfield Township. The treatment plant, placed into operation in 1976, provides tertiary treatment. This treatment plant was expanded in 1996 to provide sufficient capacity for anticipated future needs. The County also provides limited water service for a portion of the Area, located in Hinckley Township, through a contract with the City of Cleveland. Under the terms of that contract, a water distribution system was constructed under the direction of the County but is supplied, maintained and operated by the City of Cleveland.

Sewer Area No. 500. This area includes the City of Medina, the portion of the City of Brunswick which is not serviced by Sewer Area No. 300, and portions of Liverpool, Brunswick Hills, York, Medina and Montville Townships. The treatment plant was expanded in 1982, and again in 2002, and provides tertiary treatment with adequate capacity for anticipated future needs. The County has also established a water supply and distribution system within this area. The water is purchased from RLCWA which obtains its water from Lake Erie, through the City of Avon Lake. The County has recently installed approximately 260 miles of distribution lines and 11 water storage tanks to provide domestic and fire service to a large portion of the area.

Sewer Area No. 700. This area includes the area around Chippewa Lake. The communities served are the Villages of Chippewa on the Lake, Briarwood Beach, Gloria Glens and portions of Lafayette and Westfield Townships. Upgrading of the wastewater treatment and collection facilities within this area was begun in 1988 and provides adequate secondary treatment. The County also provides a water supply and distribution system in this area. The water is obtained from deep wells and is treated for iron and sulphur removal. The water treatment plant along with a 500,000 gallon storage tank were placed into operation in 1978. In 1986 the County installed a second water source to this area by extending its Sewer Area District No. 500 System, supplied from water obtained from the RLCWA.

Sewer Area No. 900. This area includes the area within the City of Wadsworth and adjoining Wadsworth and Sharon Townships. The City of Wadsworth treats the wastewater collected within this area under a contract with the County. The City's treatment plant was renovated and expanded in 1980 and is presently being planned for expansion. The County also provides water to a portion of this area around Sharon Township. The County acquired a privately owned water system in 1975 and the source of water supply is drilled wells. The quality of water is such that it is not necessary to provide treatment. The County also has a contract with the City of Wadsworth to provide water to that portion of the area which is located at the southern end of Sharon Township by sharing the use of the elevated water storage tank which was jointly constructed by the County and the City of Wadsworth and placed into operation in 1979.

Sewer Areas Nos. 9 and 11. These areas are located in Hinckley Township and provide sanitary sewerage facilities for individual subdivisions, one of which has 25 lots and the other 30 lots. The water supply for these areas is obtained from individual wells.

Solid Waste

Under State law the County has responsibilities in the area of solid waste management. The County was the first in the State to have its solid waste management plan approved. Soon thereafter it constructed a $8.2 million Central Processing Facility which opened in 1993. The Facility receives all solid waste generated in the County and processes it into recyclables, burnables and material for land filling. It has been and is expected to be completely self supporting. The Facility had a design capacity of 400 tons per day.

Economic and Demographic Information

Population

Recent Census population has been:

Year	County	PMSA(b)
1970	82,717	2,418,809
1980	113,500	2,277,949
1990	122,354	2,202,069
2000	151,095	2,250,871
2007 (est.)	169,832	2,148,143

(a) The new MSA was redefined, effective 2003, to exclude Ashtabula County.

2000 Census figures show the following breakdown by age groups of the population of the County:

Under 5	5-19	20-34	35-44	45-54	55-64	65+	Total
10,632	34,405	26,222	26,995	23,023	13,905	15,913	151,095

Employment and Income

The following table shows comparative average annual employment and unemployment statistics for the indicated periods.

	Employed in		Unemployment Rate			
Year(a)	County	MSA	County	MSA	State	U.S.
2004	87,100	1,033,000	5.1%	6.0%	6.2%	5.5%
2005	88,600	1,031,400	4.8	5.7	5.9	5.1
2006	90,700	1,034,800	4.7	5.4	5.5	4.6
2007	91,000	1,031,200	5.2	5.9	5.6	4.6
2008	89,300	1,010,400	5.8	6.6	6.5	5.8
2009	87,700	981,300	8.3	9.1	10.2	9.3

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services.

The following manufacturing and nonmanufacturing employers (private and public) have the largest work forces within the County (as of December 31, 2009):

Employer	Nature of Activity or Business	Approximate Number of Employees
Westfield Companies	Insurance	1,560
The County	Government	1,365
Medina General Hospital(a)	Health Care	1,000
Brunswick City School District	Education	780
Medina City School District	Education	700
Shiloh Industries	Metal Fabrication	610
MTD Products	Mowers and Tractors	500
Wadsworth City School District	Education	485
Discount Drug Mart	Warehousing/Retail	420
Wellman Products Group	Manufacturing	410

(a) On April 2, 2009, the Cleveland Clinic Foundation announced the signing of an affiliation agreement with Medina General Hospital pursuant to which the hospital would become a part of the Cleveland Clinic Health System and will result in an approximately $40 million capital investment by the Clinic in the hospital. The transaction is currently scheduled to close by the end of 2009.

Source: Medina County Economic Development Corporation.

Census reports show the 1999 median household income in the County was $55,811, compared to State and national medians of $40,956 and $41,994, respectively.

According to the Ohio Department of Taxation, the average federal adjusted gross income for County residents filing Ohio individual income tax returns for calendar year 2006 was $58,289, compared to the statewide average of $63,444.

Industry and Commerce

In 1989, the Board of County Commissioners and the leaders of the County business community became partners in facilitating economic development in the County by creating the Medina County Economic Development Corporation. While the Board of County Commissioners contributes an annual subsidy to the Corporation the majority of its operation is paid through membership contributions from the Corporation's business partners. The Corporation's mission is to assist communities in the retention and expansion of local businesses and to attract new businesses to the County. The Corporation also helps administer activity for the enterprise zones within the City of Medina, Sharon Township, and Liverpool Township and serves as the manager for the seven Community Reinvestment Areas (CRAs) located throughout the County. CRAs are currently located within the Cities of Medina, Wadsworth and Brunswick, the Villages of Seville and Lodi, and the Townships of Hinckley, Liverpool and Sharon.

As housing starts continue, the Corporation has further been charged with the responsibility of joining forces with the local communities in the County in efforts to coordinate and maintain a balance between the commercial and industrial sector and the residential sector. In 2008 a total of $48,000,000 was invested in new and existing business facilities in the County. This investment resulted in the creation of approximately 300 new, full-time jobs.

The Board of County Commissioners has also encouraged expansion of its economic base through the selective issuance of industrial development revenue bonds to assist private enterprises in financing projects. The Board and the Corporation additionally assist local businesses in efforts to participate in State and federal loan programs. The County also maintains a Revolving

Loan Fund program primarily to assist small businesses in obtaining gap financing to facilitate expansion and job creation.

In other efforts to manage its growth, the County has created a Transportation Improvement District (T.I.D.) and initiated a County-wide Development Plan. The T.I.D., authorized by recent State legislation, gives the County greater flexibility, with participation by the Ohio Department of Transportation, in the prioritization and funding of local road and bridge projects. The Development Plan will be a valuable tool in coordinating, updating and enforcing important local zoning and planning efforts and regulations.

Housing and Building Permits

Among the 88 counties in Ohio, the County remains one of the fastest growing.

The following is Census information concerning housing in the County, with comparative City and State statistics.

	2000 Median Value of Owner-Occupied Homes	% Constructed Prior to 1940	Number of Housing Units		
			1990	2000	% Change
City of Brunswick	$136,000	1.6%	9,444	12,263	+29.9%
City of Medina	141,900	11.5	7,354	9,788	+33.1
County	144,400	13.7	43,330	56,793	+31.1
State	103,700	22.5	4,371,945	4,783,051	+9.4

The number and value of all building permits (including commercial, industrial, residential and public improvements, and both remodeling and new construction) issued in the County in recent years, as reported were:

Year	Number	Value
2005	7,909	$386,460,572
2006	7,507	334,956,921
2007	5,952	292,184,950
2008	5,202	225,537,053
2009	4,893	170,373,204

FINANCIAL MATTERS

Introduction

The County's Fiscal Year corresponds with the calendar year.

The main sources of County revenue have been and are property taxes, sales-use taxes, charges for services, and federal and State distributions, as described under **Ad Valorem Property Taxes** and **Other Major County General Fund Revenue Resources**, and in **Appendices A** and **B**.

The responsibilities for the major financial functions of the County are divided among the Auditor, the Treasurer and the Board.

Important financial functions include general financial recommendations and planning by the County Administrator, Finance Director, County Auditor and the Board; budget preparation by the Board with the assistance of the County Administrator, Finance Director and the County Auditor; and express approval of appropriations by the Board.

The Auditor is the principal fiscal officer of the County and has statutory responsibilities that include: keeping and supervising all accounts showing the County's financial transactions; the assessment of real property, subject to supervision by the State Tax Commissioner; issuing licenses and collecting license fees; and maintaining records of and paying County debt. The Auditor also prepares an annual financial report filed with the office of the Ohio Auditor of State (the State Auditor).

Under Ohio law, the Auditor is not permitted to allow the amount of appropriations to be overdrawn, or to allow the expenditure of moneys for purposes other than those for which they were appropriated. No County contract, agreement or other obligation involving the expenditure of money may be entered into unless the Auditor first certifies that the money required is in the County's treasury or in the process of collection to the credit of the fund from which it is to be paid and not appropriated for any other purpose.

The Treasurer acts as the custodian, investment authority and disbursing agent for County funds and also keeps books of account which are to balance with those kept by the Auditor. For a further description of the Treasurer's responsibilities, see **The County – County Government – County Officials**.

The Board is responsible for general policy decisions with respect to most of the financial affairs of and borrowing by the County, as well as for overall fiscal planning. The Board must approve the annual budget and make appropriations for most County activities.

Billing and collecting of property taxes and special assessments are by the County Auditor and County Treasurer, respectively.

For more detailed discussions of the County's accounting procedures and the auditing of the County's accounts see **Financial Reports and Audits**, and of the assessment of real and tangible personal property see **Ad Valorem Property Taxes**.

Investments and deposits of County funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all noncharter counties. The County Treasurer is responsible for those investments and deposits. Under recent and current practices, and the County's adopted investment policy, in addition to deposits evidenced by interest bearing certificates of deposit, investments are made in the State Treasurer's subdivision investment pool (STAR Ohio) and federal or federal agency securities. The County's investment portfolio has averaged over $88.1 million for the past three years.

For property taxation purposes, assessment of real property is by the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, tax levies and appropriations are made in the Revised Code, including a requirement that the County levy a property tax in a sufficient amount, with any other moneys available for the purpose, to pay the debt charges on securities payable from property taxes.

The law generally requires that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is comprised of the county auditor, treasurer and prosecuting attorney. However, a county budget commission may either waive the requirement for tax budget or permit an alternative form of more limited information required by the commission to perform its duties. The County Budget Commission has not waived the requirement or permitted an alternative form of a tax budget from the County.

The County Budget Commission then determines and approves levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that "if any debt charge is omitted from the budget, the commission shall include it therein."

The County Budget Commission then certifies to each subdivision its action together with the estimate by the county auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the board of county commissioners approves the tax levies and certifies them to the proper county officials. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two equal installments, the first usually in February and the second in July.

The Board adopts a temporary appropriation measure in January and then, by April 1, a permanent appropriation measure for that Fiscal Year. Although called "permanent," the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission's official estimates of resources, and the County Auditor must certify that the County's appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The County maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the State Auditor. The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

County receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor which are generally applicable to all Ohio political subdivisions. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for governmental funds, including the general fund, all special revenue funds, capital project funds and the debt service (bond retirement) fund and agency funds and for a full accrual basis of accounting for propriety enterprise funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

The County has issued a Comprehensive Annual Financial Report (CAFR), including General Purpose and Basic Financial Statements, for each of the Fiscal Years 1985 through 2009. The CAFRs through Fiscal Year 2009 were awarded the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, which is awarded to those governmental reporting agencies that comply with the GFOA reporting standards.

Audits are made by the State Auditor, or by CPAs at the direction of that officer, pursuant to Ohio law, and under certain federal program requirements. No other independent examination or audit of the County's financial records is made.

The most recent audit (including compliance audit) of the County's accounts was completed through Fiscal Year 2009. The Basic Financial Statements of the County for Fiscal Year 2009, set forth as **Attachment B**, have been audited by the State Auditor, as stated in their report appearing in those statements. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

Annual financial reports are prepared by the County, and filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Attachment A** for an unaudited comparative cash basis summary, prepared by the County, of General Fund and Health District Fund receipts and expenditures for the last five Fiscal Years and projected for Fiscal Year 2009. See **Attachment B** for the audited Basic Financial Statements for Fiscal Year 2009.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the State Auditor (or CPA) since the date of the audit reports.

Financial Outlook

The County's General Fund cash balances as of December 31 for the years 2005 through 2009 and projected 2010 are shown in **Attachment A**.

The General Fund had 2008 and 2009 Fiscal Year-end cash balances of $4,430,470 and $3,576,046, respectively, and the County currently projects a 2010 Fiscal Year-end cash balance of $3,307,288. The cash balances are decreasing due to a decrease in revenues which is a direct result of the current economic environment. Despite the current period of national economic flux, which has adversely affected the fiscal condition of most government entities, the County and those businesses located within the County continue to remain stable. While unemployment rates continue to rise,

During the Fiscal Year 2009 annual budget process, the Board of County Commissioners requested departments, agencies, and offices to voluntarily decrease appropriation requests by 10% from 2008 levels to assist the Board in adopting a responsible fiscal plan. Most department heads, agency directors, and officeholders cooperated with this request. The County continues to find ways to reduce expenses without cutting services, and we are confident that we will remain fiscally sound.

GENERAL FUND

The General Fund is the County's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives moneys from many sources, but primarily from the ad valorem property taxes and sales taxes levied by the County. For details, see **Attachment A**.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the County:

Tax Collection Year	Real(a)	Tangible Personal(b)(c)	Public Utility(d)	Total Assessed Valuation
2006	$4,017,344,980	$205,454,251	$103,947,740	$4,326,746,971
2007	4,134,424,010	135,681,115	102,264,740	4,372,369,865
2008(f)	4,573,586,740	85,383,363(f)	82,331,600(f)	4,741,301,703
2009	4,634,756,590	7,522,140(f)	83,953,130(f)	4,726,231,860
2010	4,697,185,810	3,666,010(f)	89,068,810(f)	4,789,914,730

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
(b) Other than public utility.
(c) The State (i) has reduced the valuation of tangible personal property of general businesses and railroads in increments beginning in 2006 to zero in 2009 and (ii) is reducing the valuation of tangible personal property of telephone and telecommunications companies in increments beginning in 2007 to zero in 2011. See the discussion of those reductions and related State makeup payments below.
(d) Tangible personal property of all public utilities and real property of railroads. See footnotes (a) and (c)
(e) Reflects sexennial reappraisal.
(f) Reflects, in part, the reclassification of tangible personal property of telephone and telecommunications companies from Public Utility to Tangible Personal.

Source: County Auditor.

Taxes collected on "Real" in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected on "Tangible Personal" in one calendar year are levied in the same calendar year on assessed values during and at the close of the taxpayer's most recent fiscal year that ended on or before December 31 of the preceding calendar year, and at the tax rates determined in the preceding year. "Public Utility" (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Auditor records of assessed valuations for the 2010 collection year, the largest County ad valorem property tax payers are:

Name of Taxpayer	Nature of Business	Assessed Valuation
	Real	
Ohio Farmers Insurance Co.	Insurance	$17,388,300
Lodi Station LLC	Outlet mall	6,791,280
Surrey Medwick Acquisition LLC	Retail	6,371,260
Centro NP Brunswick Town Center LLC	Retail	5,750,960
Aldi Inc.	Retail Food	5,456,460

Public Utility

Ohio Edison Company	Electric Company	$42,107,200
American Transmission System Inc.	Natural Gas Transmission	23,797,560
Columbia Gas Trans Corp	Natural Gas Transmission	13,000,530
Columbia Gas of Ohio	Natural Gas Supply	7,969,350

Pursuant to statutory requirements for sexennial reappraisals, in 2007 the County Auditor adjusted the true value of taxable real property to reflect then current fair market values. These adjustments were reflected in the 2008 duplicate (collection year 2009) and in the ad valorem taxes distributed to the County in 2009 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

The taxation of all tangible personal property used in general businesses (excluding certain public utility tangible personal property) has been phased out over four years, from tax year 2006 to tax year 2009. Previously, machinery and equipment and furniture and fixtures were generally taxed at 25% of true value, and inventory was taxed at 23%. The taxation of all tangible personal property used by telephone, telegraph or interexchange telecommunications companies ("telecommunications property") is also being phased out over tax years 2007 to 2011. Previously, telecommunications property was taxed at 25% or 46% of true value (depending on the type of equipment and when it was placed into service). The percentages of true value of such property taxed have been, and are being, reduced to those set forth in the following table:

Tax Year	**General Business Property**	**Telecommunications Property**
2006	18.75%	(a)
2007	12.50	20.00%
2008	6.25	15.00
2009	0.00	10.00
2010	0.00	5.00
2011	0.00	0.00

(a) 25% or 46%; see discussion above.

Certain tangible personal property not previously used in business in Ohio is not subject to tangible personal property taxation.

To compensate for decreased revenue as the tangible personal property taxes are phased out, the State in 2006 commenced making distributions to taxing subdivisions (such as the County) from revenue generated by the State's commercial activity tax (the CAT). The CAT is levied annually on all persons or entities doing business in the State with taxable gross receipts from their business activities greater than $150,000. Generally, these distributions are expected to fully compensate taxing subdivisions for such tax revenue losses from the phaseout of tangible personal property tax on general business tangible personal property through 2011, with gradual reductions in the reimbursement amount from 2012 through 2017, and for such tax revenue losses from the phaseout of tangible personal property tax on telecommunications property through 2011, with gradual reductions in the reimbursement amount from 2012 through 2018. Reimbursements for tax losses relating to levies for voted debt service are generally to continue at 100% until the debt is retired, subject to a ½-mill threshold adjustment (for all fixed-sum levies). That adjustment basically requires real property tax payers to absorb up to ½ mill of increased property taxes (in order to continue to generate a fixed dollar amount) due to the phaseout of tangible personal property taxes. The State is to provide any necessary reimbursement above that amount. The State's reimbursement payment to the County for Fiscal Year 2009 was $2,069,068.

On September 17, 2009, the Ohio Supreme Court held that the CAT is not an excise tax "upon the sale or purchase of food" and does not violate the State's constitutional prohibitions against such tax. Litigation filed in March 2008 challenging the inclusion of receipts from sales of motor fuels in the CAT tax base was stayed pending the resolution of the case then before the Supreme Court. The Ohio trial court hearing that case has reactivated the case for consideration in light of the decision by the Supreme Court. When fully phased in, the CAT is projected to produce approximately $1.68 billion annually with approximately 8.28% of that amount attributable to its application to motor fuels.

State legislation also provides for a phasing out of the taxation of all personal property used by telecommunications companies by tax year 2011, with State reimbursement payments to be made in declining amounts through 2018.

Public utility tangible personal property (with some exceptions) is currently assessed (depending on the type of property) from 25% to 88% of true value. Effective for collection year 2002, the assessed valuation of electric utility production equipment was reduced from 100% and natural gas utility property from 88% of true value, both to 25% of true value; makeup payments in varying and declining amounts are to be made through 2016 to taxing subdivisions such as the County by the State from State resources.

Commencing in tax year 2006, the assessment rate for electric utility transmission and distribution equipment was reduced from 88% to 85%, and the assessment rate for all electric company taxable property was reduced from 25% to 24%.

The first $10,000 of taxable value of tangible personal property has historically been exempted from taxation; reimbursement of resulting reduced local collections has been made from State sources, as referred to under **Collections**. This reimbursement is being phased out such that no reimbursement payments are to be made after the State's fiscal year 2009.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class.

These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

Ohio law authorizes certain tax incentives by way of property tax abatement to certain business enterprises to locate or expand in areas of chronic unemployment, and to hire individuals previously unemployed or on welfare and handicapped individuals. The cities of Brunswick and Medina have created such areas within the County. It is the Board of County Commissioners' opinion that the provision for and creation of such areas has had and will have no significant impact on the County's financial condition.

Municipal corporations and counties may create "community reinvestment areas" in which ad valorem tax abatement may be granted for any increased property valuation resulting from improvements to real property in the form of new construction or remodeling of existing structures by the property owner. In such areas, residential, commercial or industrial facilities are eligible for those real property tax incentives. This program is designed to be controlled at the local level by the local legislative body, including control over the size and number of such "community reinvestment areas" as well as the number of years of tax abatement. The County has created 11 community reinvestment areas.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per $1.00 of assessed valuation.

Only cities, villages, school districts, townships and regional transit authorities may, as may the County, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills described under **Indirect Debt and Unvoted Property Tax Limitations**).

The following are the rates at which the County and the taxing subdivisions it overlaps levied ad valorem property taxes for the year 2009 (collection year 2010).

TAX TABLE A
Tax Rates Within the County

Taxing District(a)	County	Township	School	JVSD	Corp.	Other(b)	Total	Effective Rates Res./ Agr.	Effective Rates All Other
Brunswick Hills BCSD	8.04	11.85	67.82	3.05	0.00	2.80	93.56	59.14	59.72
Brunswick Hills HLSD	8.04	11.85	69.90	3.05	0.00	2.80	95.64	49.46	46.29
Brunswick City BCSD	8.04	0.00	67.82	3.05	2.60	2.80	84.31	51.38	51.70
Chatham CLSD	8.04	7.20	55.10	3.05	0.00	2.80	76.19	45.26	45.65
Granger HLSD	8.04	5.60	69.90	3.05	0.00	2.80	89.39	44.42	40.93
Granger MCSD	8.04	5.60	90.63	3.05	0.00	2.80	110.12	55.97	60.24
Guilford CLSD	8.04	8.15	55.10	3.05	0.00	2.80	77.14	45.61	46.22
Guilford WCSD	8.04	8.15	70.20	0.00	0.00	2.50	88.89	47.11	51.56
Rittman RCSD	8.04	0.50	63.20	4.85	5.80	2.00	84.39	52.71	76.90
Rittman CLSD	8.04	0.50	55.10	3.05	5.80	2.80	75.29	43.89	45.04
Seville CLSD	8.04	5.25	55.10	3.05	6.50	2.80	80.74	47.11	47.89
Harrisville CLSD	8.04	6.50	55.10	3.05	0.00	2.80	75.49	42.62	43.41
Harrisville NCLSD	8.04	6.50	35.70	4.85	0.00	2.00	57.09	42.87	43.61
Lodi CLSD	8.04	1.80	55.10	3.05	10.70	2.80	81.49	49.22	50.31
Hinckley HLSD	8.04	13.05	69.90	3.05	0.00	3.90	97.94	47.67	45.69
Hinckley BCSD	8.04	13.05	67.82	3.05	0.00	3.90	95.86	57.35	59.12
Homer BRLSD	8.04	7.90	46.00	3.05	0.00	7.10	72.09	44.27	45.04
Lafayette CLSD	8.04	8.80	55.10	3.05	0.00	2.80	77.79	46.03	46.69
Lafayette MCSD	8.04	8.80	90.63	3.05	0.00	2.80	113.32	58.51	62.93
Litchfield BLSD	8.04	9.90	59.70	3.05	0.00	2.80	83.49	42.33	44.57
Liverpool BLSD	8.04	6.20	59.70	3.05	0.00	2.80	79.79	40.59	42.49
Medina Twp MCSD	8.04	6.60	90.63	3.05	0.00	2.80	111.12	56.58	61.13
Medina Twp HLSD	8.04	6.60	69.90	3.05	0.00	2.80	90.39	45.03	41.82
Medina City MCSD	8.04	0.00	90.63	3.05	5.45	2.80	109.97	55.59	59.81
Medina City BLSD	8.04	0.00	59.70	3.05	5.45	2.80	79.04	40.24	42.04
Montville Twp MCSD	8.04	10.95	90.63	3.05	0.00	2.80	115.47	58.87	63.34
Montville Twp HLSD	8.04	10.95	69.90	3.05	0.00	2.80	94.74	47.32	44.03
Montville Twp WCSD	8.04	10.95	70.20	0.00	0.00	2.50	91.69	47.88	52.45
Sharon Twp HLSD	8.04	7.40	69.90	3.05	0.00	2.80	91.19	45.35	41.28
Sharon Twp MCSD	8.04	7.40	90.63	3.05	0.00	2.80	111.92	56.90	60.60
Sharon Twp WCSD	8.04	7.40	70.20	0.00	0.00	2.50	88.14	45.91	49.70
Spencer Twp BRSLD	8.04	5.90	46.00	3.05	0.00	7.45	70.44	41.17	41.50
Spencer Vill BRLSD	8.04	2.40	46.00	3.05	11.90	7.45	78.84	48.25	48.37
Wadsworth Twp. WCSD	8.04	4.40	70.20	0.00	0.00	2.50	85.14	42.86	47.80
Wadsworth Twp RCSD	8.04	4.40	63.20	4.85	0.00	2.00	82.49	50.19	74.32
Wadsworth City WCSD	8.04	0.00	70.20	0.00	5.80	2.50	86.54	44.91	49.42
Westfield Twp CLSD	8.04	4.50	55.10	3.05	0.00	2.80	73.49	42.15	42.82
Westfield Twp NCLSD	8.04	4.50	35.70	4.85	0.00	2.00	55.09	42.40	43.02
Gloria Glens CLSD	8.04	0.40	55.10	3.05	23.10	2.80	92.49	50.03	62.24
Westfield Center CLSD	8.04	0.40	55.10	3.05	2.60	2.80	71.99	41.17	41.74
York BLSD	8.04	6.20	59.70	3.05	0.00	2.80	79.79	41.12	43.02
Medina City CLSD	8.04	0.00	55.10	3.05	5.25	2.80	74.24	42.90	43.37
Creston Vill NCLSD	8.04	0.00	35.70	4.85	13.00	2.00	63.59	44.72	46.93
Chippewa Lake CLSD	8.04	3.90	55.10	3.05	8.60	2.80	81.49	48.98	49.24
Wadsworth City HLSD	8.04	0.00	69.90	3.05	5.80	2.80	89.59	44.34	41.01
Medina City/York Twp BLSD	8.04	6.20	59.70	3.05	0.00	2.80	79.79	41.12	43.02
Seville Vill/Guilford Twp CLSD	8.04	7.25	55.10	3.05	5.50	2.80	81.74	47.84	48.52
Seville Vill/Westfield Twp CLSD	8.04	3.00	55.10	3.05	5.50	2.80	77.49	43.78	44.53
Medina City/Lafayette Twp-MCSD	8.04	7.40	90.63	3.05	3.85	2.80	115.77	60.44	64.75
Creston Vill/Westfield Twp-NCLSC	8.04	3.10	35.70	4.85	11.60	2.00	65.29	45.90	48.21

(a) BCSD means Brunswick City School District.
BLSD means Buckeye Local School District
BRLSD means Black River Local School District.
CLSD means Cloverleaf Local School District.
HLSD means Highland Local School District.
MCSD means Medina City School District.
WCSD means Wadsworth City School District.

(b) Includes the Library Districts, Fire Districts and Park Districts, as applicable.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- The proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year.

- Amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at a rate required to produce a specified amount, such as for debt service, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the tax levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected.

Residential and agricultural real property tax amounts are generally further reduced by an additional 10% (12.5% in the case of owner-occupied residential property). See **Collections** for a discussion of the reimbursement by the State for this reduction.

The following are the rates at which the County levied ad valorem property taxes in 2009 (for collection in 2010) for the general categories of purposes:

TAX TABLE B
County Property Taxes Levied-Voted and Unvoted

Purposes	**Unvoted Levy Inside Ten-mill Limit**	**Voted Levies Outside Ten-mill Limit**	**Rate Levied for Current Collection Year**	**Year of Election for Voted Levy**	**Beginning Year of Collection for Voted Levy**	**Final Year of Collection for Voted Levy**
General Fund	**2.42**		2.42			
Bond Retirement	0.08		0.08			
Health District		0.70	0.70	2002	2003	2012
MRDD		1.90	1.90	1995	1996	Continuing
MRDD		1.00	1.00	2000	2001	Continuing
MRDD		1.12	1.12	2000	2001	2010
Anti-Drug		0.35	0.35	2006	2007	2011
Health District		0.27	0.27	2009	2010	2019
County Home		0.20	0.20	2007	2008	2012
Total	[2.50	5.54	8.04]			

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt service on unvoted general obligation debt, under Indirect Debt and Unvoted Property Tax Limitations.

Collections

The following are the amounts billed and collected for County ad valorem property taxes and special assessments for recent tax collection years. "Billed" includes current charges, plus current and delinquent additions and less current and delinquent abatements. "Collected" and "% Collected" include collections of current "Billed" and current and delinquent additions.

Collection Year	Billed	Collected	% Collected	Delinquent Accumulated
		Real and Public Utility		
2005	$24,044,724	$22,921,573	95.33%	$1,123,151
2006	24,875,255	23,518,721	94.55	1,356,534
2007	25,184,718	24,481,447	97.21	703,271
2008	25,570,996	24,968,964	97.65	602,032
2009	27,097,042	25,485,623	94.05	1,611,419
		Tangible Personal Property		
2005	$1,989,348	$1,900,127	95.52%	$ 89,221
2006	1,779,254	1,669,229	93.82	110,025
2007	1,207,321	1,144,609	94.81	62,713
2008	578,316	558,623	96.59	19,693
2009	66,422	63,134	95.05	3,288
		Special Assessments		
2005	$1,472,451	$1,372,295	93.20%	$ 100,156
2006	1,526,485	1,421,923	93.15	104,562
2007	1,642,772	1,512,277	92.06	130,495
2008	1,833,923	1,509,735	82.32	324,188
2009	1,317,658	1,159,316	87.98	158,342

Source: County Auditor.

Real property taxes are payable in two installments, the first usually in January and the second in June. Tangible personal property taxes for taxpayers owning property in more than one county are payable in September, and for taxpayers owning property in one county are payable in two installments (April and September).

Current and delinquent property taxes and special assessments are billed and collected by the County Treasurer for all taxing subdivisions in the County. There was no one taxpayer that accounted for more than 5% of any of the billed taxes or assessments, or accumulated delinquencies identified above for collection year 2009.

Included in the "Billed" and "Collected" figures above are payments made from State revenue sources under two statewide real property tax relief programs (which do not apply to special assessments). Homestead exemptions are available for persons over 65 and the disabled. Payments to taxing subdivisions have been made in amounts equal to approximately 10% (12.5% with respect to owner-occupied residential property) of all ad valorem real property taxes levied, thereby reducing the tax obligations of real property owners in any given year by the applicable 10% or 12.5%. This State assistance reflected in the County's tax collections for 2009 was

$560,996 for the elderly/disabled homestead payment and $2,792,624 for the rollback payment. Also included in 2009 is the State's reimbursement of reduced collections resulting from the partial exemption of tangible personal property (see **Ad Valorem Property Taxes – Assessed Valuation**).

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Real estate taxes and special assessments not paid in the due year are to be certified by the county auditor's office as delinquent. A list of delinquent properties is then published. If the delinquent taxes and special assessments are not paid within one year after such certification, the properties are then to be certified as delinquent to the county prosecuting attorney.

The property owner may arrange a payment plan with the county treasurer providing for payments over not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. County auditors employ a notification procedure and judicial proceedings to collect delinquent tangible personal property taxes. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

As required by law, the County deposits 5% of all collections of certified delinquent taxes and assessments into the delinquent real estate tax and assessment collection fund. Moneys in that fund are divided equally between the County Treasurer and Prosecuting Attorney and are used solely in connection with the collection of delinquent taxes and assessments.

Of the 82,057 nonexempt parcels in the County for collection year 2009 the number of delinquent parcels was 2,034. The County Prosecutor commences foreclosure proceedings on a number of delinquent parcels annually.

OTHER MAJOR GENERAL FUND REVENUE SOURCES

Major sources of revenue to the General Fund, in addition to ad valorem taxes, have included certain "permissive" taxes and State local government assistance distributions. The Appendices provide further information regarding other revenue sources for the General Fund and other funds.

Permissive Taxes

State law authorizes counties to levy, without a vote of the people, certain permissive taxes – sales and use, real property transfer, motor vehicle license, and utilities service. They are subject to repeal by referendum if the resolution levying the tax is not enacted as an emergency measure, and to repeal by initiative if the resolution is adopted as an emergency measure. Any referendum or initiative is held only if requested by a petition signed by a specified percentage of voters and timely filed and in appropriate form. A board of county commissioners may at its option submit the question of levying these taxes to a vote of the electors and, if approved at an election, they are not thereafter subject to repeal by voter-initiated action.

The County currently has in effect a sales and use tax and a real property transfer tax, both of which provide revenues for the County's General Fund.

The County also levies two motor vehicle license taxes each in the amount of $5 per vehicle; the proceeds of those taxes (approximately $1,418,956 in 2009) may be used only for construction, maintenance and repair of streets, highways and bridges, including debt service on obligations issued for the purpose. The County has not yet imposed a utilities service tax (with a maximum permitted rate of 2% of the charge for every utility service).

County Sales and Use Tax

To provide general revenues, the County currently levies an unvoted ½% sales and use tax pursuant to emergency legislation enacted by the Board in 1971. The sales tax became effective April 1, 1971, and has no expiration date. Receipts from that tax for recent years have been and for 2010 are estimated to be:

Year	Receipts
2005	$9,249,950
2006	9,495,075
2007	9,915,279
2008	9,757,184
2009	9,080,359
2010 (est.)	9,287,000

Receipts for the first 8 months of 2009 were $5,974,549, and for the same months of 2010 have been $5,973,108.

Under current law, the Board has authority to increase the County sales and use tax by an additional 0.5% (up to an aggregate maximum of 1½%, see discussion below) to provide revenue for the general fund. Unless imposed by an emergency measure, any increase in the rate would be subject to referendum by the electors. If imposed by emergency measure, the increase would be subject to repeal by voter initiative at a general election.

On May 8, 2007, the County's electors approved the single question of an additional (i) 0.5% sales tax pursuant to Section 5739.026(A)(4) of the Revised Code on every retail sale in the County, with certain exceptions and (ii) 0.5% use tax pursuant to pursuant to Section 5739.026 of the Revised Code on the storage, use, or other consumption of certain property and services in the County, each to provide additional revenue for permanent improvements within the County to be distributed by a Community Improvements Board appointed by the Board of County Commissioners. The sales and use tax is to be levied for 30 years, beginning October 1, 2007; receipts from that tax were $8,958,476 in 2009.

As required by statute, the Board created the Medina County Community Improvements Board (CIB) to distribute the proceeds of the 0.5% sales and use tax. After its creation, the CIB adopted guidelines for the distribution of these sales and use tax proceeds. Those guidelines limit future distributions of the sales and use tax to certain delineated governmental agencies (i) having students that live in the County and (ii) which educates students in pre-kindergarten through high school.

The enactment of the 0.5% sales and use tax for the purpose of providing additional revenue for permanent improvements within the County to be distributed by CIB limits the County's authority to otherwise increase its sales and use tax for, among other purposes, current expenses, to an additional 0.5%.

Real Property Transfer Tax

The County currently levies a 2.0-mill real property transfer tax, an unvoted tax that was enacted in 1979 by Board resolution. That tax is in addition to the 1.0-mill real property transfer fee imposed by State law. This tax is not subject to repeal or reduction by referendum or initiative. Receipts for recent years have been and for 2010 are estimated to be:

Year	Receipts
2005	$3,171,827
2006	2,784,170
2007	2,471,924
2008	1,663,113
2009	1,335,353
2010 (est.)	1,665,000

Lodging Tax

The County currently imposes a lodging tax of 3% which became effective in 1990. The County receives approximately $197,452 annually from this lodging tax, which is used to fund the Medina County Convention and Visitors Bureau.

Local Government Assistance Funds

Statutory state-level local government assistance funds are comprised of designated State revenues which are distributed to each county and then allocated on a formula basis or, in some cases, on an agreed basis among the county and cities, villages and townships, and in some cases park districts, in the county. County receipts from those funds after distribution to the various subdivisions for recent years have been:

Year	Receipts
2005	$3,326,433
2006	3,305,862
2007	3,318,314
2008	3,260,731
2009	2,793,600

The amounts of and formula for distribution of these funds may be revised.

COUNTY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt and applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the County.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

Certain overlapping subdivisions may issue voted and unvoted general obligation debt.

The County has issued a number of issues of industrial development revenue bonds for facilities used by private corporations or other entities, and issues of hospital facility revenue bonds for hospital facilities used by private nonprofit corporations. The County is not obligated in any way to pay debt service on those bonds from any of its funds.

Those revenue bonds have been ***excluded*** entirely from the following debt discussion and tables. The County is not aware of and has not been notified of any condition of default under those bonds or the related financing documents.

The County is not, and to the knowledge of current County officials has not in at least the last 25 years been in default in the payment of debt service on any of the bonds or notes on which the County is obligor or in a condition of default under the financing documents relating to any issue of revenue bonds. However, the County makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds of which the County was the issuer.

Security for General Obligation Debt

The following describes the security for County general obligation debt.

Bonds and BANs

Voted Bonds. The basic security for voted County general obligation bonds is the authorization by the electors for the County to levy to pay debt service on those bonds, without limitation as to rate or amount, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the County. The tax is outside of the ten-mill limitation, and is to be in sufficient amount to pay (to the extent not paid from other sources) as they come due the debt service on the voted bonds, subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

Unvoted Bonds. The basic security for unvoted County general obligation bonds is the County's ability to levy, and its levy pursuant to constitutional and statutory requirements of, an ad valorem tax on all real and tangible personal property subject to ad valorem taxation by the County, within the ten-mill limitation described below. This tax must be in sufficient amount to pay (to the extent not paid from other sources) as they come due the debt service on unvoted County general obligation bonds. The law provides that the levy necessary for debt service has priority over any levy for other purposes within that tax limitation; that priority may be subject to the provisions of bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion. See the discussion below, under **Indirect Debt and Unvoted Property Tax Limitations**, of the ten-mill limitation, and the priority of claim on it for debt service on unvoted general obligation debt of the County and all overlapping taxing subdivisions.

BANs. Ohio law requires, while BANs are outstanding, the levy of an ad valorem property tax in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months (20 years) from the date of issuance of the original notes (the maximum maturity for special assessment BANs is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the Bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the Bonds had been issued at the expiration of the initial five-year period.

Statutory Direct Debt Limitations

The Revised Code provides that:

- The net principal amount of unvoted general obligation debt of a county, excluding "exempt debt" (discussed below), may not exceed 1% of the total tax valuation of all property in the county as listed and assessed for taxation.

- The County's unvoted general obligation debt for its share of the costs of State highway improvements may not exceed one-half percent of that valuation. The principal amount of both voted and unvoted general obligation debt of the county, excluding "exempt debt," may not exceed a sum equal to 3% of the first $100,000,000 of that valuation, plus 1½% of that valuation in excess of $100,000,000 and not in excess of $300,000,000, plus 2½% of that valuation in excess of $300,000,000.

These two limitations, which are referred to as "direct debt limitations," may be amended from time to time by the General Assembly.

A county's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt a county may issue is exempt from direct debt limitations ("exempt debt"), including certain types of debt not identified as such in this Annual Information Filing. Exempt debt now includes:

- Revenue debt.

- General obligation debt:

  - For county, multicounty or multicounty-municipal jail, workhouse, juvenile detention or correctional facilities or county or joint county solid or hazardous waste collection, transfer or disposal facilities or resource recovery or recycling facilities.

  - That is "self-supporting" (that is, nontax revenues from the category of facilities are sufficient to pay operating and maintenance expenses and related debt service and other requirements) issued for county utility systems or facilities, parking facilities, health care facilities, recreation, sports, convention, museum and other public attraction facilities, facilities for natural resource exploration, development, recovery, use or sale, correctional and other related rehabilitation facilities.

  - For buildings to house county or municipal agencies, departments, boards and commissions, to the extent that revenues (other than revenues from unvoted county property taxes) derived from leases between the county and such agencies, departments, boards, commissions or municipal corporations are sufficient to cover all operating expenses paid by the county and debt service.

  - For highway improvements if the county has covenanted to pay debt service and financing costs from motor vehicle fuel and license taxes.

- ° Issued in anticipation of the levy or collection of special assessments.
- ° Issued for certain permanent improvements if the county has covenanted to pay debt service from certain dedicated sales tax revenues.
- ° For water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the county amounts equal to debt service.
- ° Voted for water or sanitary sewerage facilities to the extent that the outstanding voted debt for that purpose does not exceed 2% of the county's tax valuation.
- ° To pay final judgments or court-approved settlements, or to fund joint self-insurance pools.

- ° Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- ° Delinquent tax bonds.
- ° Notes issued in anticipation of the collection of current revenues or in anticipation of the proceeds of a specific tax levy.
- ° Notes issued to acquire voting machines and vote tabulation equipment, or for certain emergency purposes, or for certain energy conservation improvements.
- ° Debt issued for a port authority or municipal educational and cultural facility.

BANs issued in anticipation of exempt bonds also are exempt debt.

The County may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority. As of December 31, 2009, the County had no such debt outstanding.

In the calculation of debt subject to the direct debt limitations, the amount in a county's bond retirement fund allocable to the principal amount of non-exempt debt is deducted from gross non-exempt debt. Without consideration of amounts in the County's Bond Retirement Fund, and based on outstanding debt and the Bonds and current valuation, the County's voted and unvoted non-exempt debt capacities as of December 31, 2009, were:

Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity within Limitation
3%, 1½%, 2½% = $ 118,247,868	$3,165,000	$115,082,868
1% = $ 47,899,147	$3,165,000	$ 44,734,147

This is further described in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the County if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt service on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the County without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt service on:

- Those bonds (or the bonds in anticipation of which BANs are issued), and

- All outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the County resulting in the highest tax required for such debt service,

in any year is ten mills or less per $1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of the provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the County. The entire 10 mills is currently being levied by the combination of the County and taxing subdivisions it overlaps. The current allocation of the 10 mills (sometimes referred to as the "inside millage") in the City of Brunswick, the largest municipality in the County without a charter tax limitation, is as follows: 2.50 mills for the County, 2.60 mills for the City of Brunswick and 4.90 mills for the area of the City within the Brunswick City School District; that allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt service on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt service of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt service on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. However, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt service on their unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest annual debt service estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds are not included in debt subject to the ten-mill limitation since they are not general obligations of the County, and the full faith and credit and property taxing power of the County is not pledged for their payment. As of December 31, 2009, the County had no outstanding revenue bonds.

The indirect limitation applies to all unvoted general obligation debt even if debt service on some of it is expected to be paid in fact from voted sales tax receipts, special assessments, utility earnings or other sources.

As of December 31, 2009, the highest debt service requirement in any year for all County debt subject to the ten-mill limitation was estimated to be $1,065,260. That debt included unvoted general obligation bonds outstanding. The payment of that annual debt service would require a levy of an estimated 0.2224 mills based on the current assessed valuation. Of this maximum annual debt service requirement, $507,043 was expected by the County to be paid from sources other than ad valorem taxes, such as special assessments, sales-use tax receipts, highway use receipts and utility revenues: see **Debt Table C**. If those other sources for any reason were not available, the debt service could be met from the amounts produced by the millage currently levied for all purposes by the County within the ten-mill limitation.

In calculating whether unvoted debt proposed to be issued by the County is within the ten-mill limitation, it is necessary to determine which combination of overlapping political subdivisions (including the County) have the highest outstanding debt service requirements within the ten-mill limitation. There are in the County 11 municipal corporations, 17 townships, all or portions of nine school districts and two joint vocational school districts. Thus, to determine the highest overlapping debt service requirements for unvoted debt, it is necessary to examine the requirements for combinations of those subdivisions that overlap, including municipal corporations, townships and school districts.

As of December 31, 2009, the City of Rittman and the North Central Local School District were the taxing subdivisions in the County with the highest potential millage requirements for debt service on their unvoted general obligation debt, the amount theoretically required being approximately 2.6117 mills for the City. The total millage theoretically required by the City of Rittman, the North Central Local School District and the County (0.1747 mills) for their outstanding unvoted general obligation bonds (unvoted general obligation bonds outstanding or bonds anticipated by BANs) was 2.7864 mills for 2012, the year of highest potential debt service. There thus remained 7.2136 mills within the ten-mill limitation which had yet to be allocated to debt service by the City, the County or the School District.

The ten-mill limitation is such that a relatively small issue by a taxing subdivision with a small tax duplicate can encumber a significant amount of millage, thereby dramatically reducing the amount of unvoted general obligation debt that the County, as an overlapping subdivision, could issue.

Debt Outstanding

The Debt Tables attached provide information with respect to the County's debt represented by bonds and notes, County and overlapping general obligation debt allocations and debt service.

The following shows the principal amount of County general obligation debt outstanding as of January 1 in the years indicated:

Year	Exempt	Total
2006	$8,290,000	$13,150,000
2007	7,150,000	10,850,000
2008	6,000,000	8,855,000
2009	4,806,000	7,255,000
2010	3,165,000	6,795,000

Bond Anticipation Notes

As of December 31, 2009, none of the debt of the County was in the form of BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the County, or a combination of these sources.

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the County pays debt service on its general obligation debt, and into which moneys required to be applied to those payments are deposited. The following table is an unaudited summary of Bond Retirement Fund receipts and disbursements for recent years and projected for the current year.

Year	Jan. 1 Balance	Receipts	Disbursements
2005	$1,105,534	$2,856,752	$3,275,188
2006	687,098	2,919,438	3,212,083
2007	394,453	2,669,600	2,649,676
2008	414,377	2,110,856	2,285,411
2009	239,821	1,875,597	2,116,732
2010	(1,314)	1,145,569(a)	1,113,110(a)

(a) Projected.

Long-Term Financial Obligations Other than Bonds and Notes

The County has entered into various loan agreements with the Ohio Water Development Authority (OWDA) pursuant to which OWDA provided funds to the County for improving County sewage collection and treatment, water facilities and solid waste processing. The aggregate principal amount of the County's obligations under the loan agreements amount to $97,894,430, as of December 31, 2009, requiring combined annual principal and interest payments (which commenced in part in 1971). In 2009, the amount of combined principal and interest payments was $10,727,304.

The combined annual principal and interest payments reached their peak in 2009. Final payment for these loan agreements is due in 2028.

These payments are required to be made from County sewage and water system revenues after payment of operation and maintenance expenses of the system and from special assessments levied for sewer and water purposes. The loan agreements grant no security or property interest to OWDA in any property of the County, and does not pledge the general credit of the County, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the County for repayment.

The County has no other long-term financial obligations, other than the bonds and notes described above.

Retirement Obligations

Present and retired employees of the County, other than the teachers for the Board of Mental Retardation and Developmental Disabilities, are covered by the Ohio Public Employees Retirement System (OPERS), a statewide public retirement (including disability retirement) system.

In 2009, employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary or compensation. As the employer, the County's contribution rate was 14.0% of the same base, except for uniformed employees of the Sheriff's Department for whom the County's contribution rate was 16.7% of the same base. A current report on the total actuarial accrued pension liability of OPERS is not available.

In 2009, employees covered by STRS contributed at a rate of 10.0% of earned compensation. As the employer, the County contributed 14% (the current statutory maximum) of the same base. A current report on the total unfunded actuarial accrued pension liability of STRS is not available.

The County's current employer contributions to OPERS and STRS have been treated as current expenses and included in the County's operating expenditures.

Both OPERS and STRS are created by and operate pursuant to Ohio law. The General Assembly could determine to amend the format of either system and could revise rates or methods of contributions to be made by the County into the pension funds and revise benefits or benefit levels.

Federal law requires County employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, County employees who are covered by a State retirement system are not currently covered under the federal Social Security Act.

OPERS is not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

DEBT TABLE A

Principal Amounts of Outstanding Debt; Leeway for Additional Debt Within Direct Debt Limitations (as of December 31, 2009)

A.	Total debt		$ 6,795,000
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Special Assessment	$ 1,230,899	
	Self Supporting:		
	Human Service Building	2,220,000	
	Water	179,101	
	Total Exempt Debt:		$ 3,630,000
C.	Total nonexempt debt **[**A minus B**]**:		$ 3,165,000
D.	1% of assessed valuation (unvoted nonexempt debt limitation):		$ 47,899,147
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds	$ 3,165,000	
	Notes	$ -0-	$ 3,165,000
F.	Debt leeway within 1% unvoted debt limitation (but subject to indirect debt limitation) **[**D minus E**]**:		$ 44,734,147*
G.	3% of 1st $100,000,000 of assessed valuation, 1½% of next $200,000,000, and 2½% of amount in excess of $300,000,000 (voted and unvoted nonexempt debt limitation):		$118,247,868
H.	Total nonexempt bonds and notes outstanding:		
	Bonds (including the Bonds)	$ 3,165,000	
	Notes	$ -0-	$ 3,165,000
I.	Debt leeway within 3%/1½%/2½% debt limitation **[**G minus H**]**:		$115,082,868*

* Debt leeway in this table determined without considering moneys in the Bond Retirement Fund.

DEBT TABLE B

Various County and Overlapping GO Debt Allocations (Principal Amounts) (as of December 31, 2009)

Subdivision	Amount(a)	Percentage Allocable to County(b)	Portion of Debt Borne by Properties within the County
County Nonexempt GO Bonds	$ 3,165,000	100.00%	$ 3,165,000
County GO Bond (exempt and nonexempt)	6,795,000	100.00	6,795,000
All cities wholly within the County	26,701,080	100.00	26,701,080
All villages wholly within the County	5,200	100.00	5,200
All townships wholly within the County	-0-	100.00	-0-
All school districts (S.D.) wholly within the County	190,667,278	100.00	190,667,278
City of Rittman	2,334,756	3.41	79,615
Black River Local S.D.	3,165,000	41.99	1,328,984
Highland Local S.D.	31,355,000	98.99	31,038,315
North Central Local S.D.	10,668,168	10.33	1,102,022
Rittman Exempted Village S.D.	7,879,993	2.59	204,092

(a) Current GO debt of the County (including the Bonds), and GO debt as of December 31, 2009 for all other political subdivisions.

(b) Determined by dividing the amount of the tax valuation of the territory of the subdivision that is within the County by the total tax valuation of that subdivision.

Source: County Auditor.

DEBT TABLE C

Projected Debt Charges Requirements on County GO Debt
(as of December 31, 2009)

	Debt Charges on		Portion of Total Anticipated to be paid from			
Year	Outstanding Bonds	Total	Limited Ad Valorem Taxes	Special Assessments	Other Revenues(a)	Water System Revenues
2010	$1,065,260.00	$1,065,260.00	$558,216.25	$233,253.31	$203,190.00	$70,600.44
2011	845,726.25	845,726.25	378,251.25	219,672.56	200,790.00	47,012.44
2012	836,893.75	836,893.75	377,588.75	218,693.02	195,990.00	44,621.98
2013	827,253.75	827,253.75	381,428.75	207,403.49	196,190.00	42,231.51
2014	666,868.75	666,868.75	377,848.75	85,955.00	203,065.00	0.00
2015	669,728.75	669,728.75	377,848.75	92,865.00	199,015.00	0.00
2016	665,660.00	665,660.00	376,867.50	89,165.00	199,627.50	0.00
2017	470,927.50	470,927.50	185,405.00	90,445.00	195,077.50	0.00
2018	371,147.50	371,147.50	84,522.50	86,447.50	200,177.50	0.00
2019	372,150.00	372,150.00	87,022.50	87,450.00	197,677.50	0.00
2020	374,475.00	374,475.00	84,822.50	88,175.00	201,477.50	0.00
2021	316,100.00	316,100.00	87,622.50	33,600.00	194,877.50	0.00
2022	315,075.00	315,075.00	85,162.50	31,800.00	198,112.50	0.00
2023	283,640.00	283,640.00	82,702.50	0.00	200,937.50	0.00
2024	283,227.50	283,227.50	85,152.50	0.00	198,075.00	0.00
2025	87,390.00	87,390.00	87,390.00	0.00	0.00	0.00
2026	84,100.00	84,100.00	84,100.00	0.00	0.00	0.00
2027	85,810.00	85,810.00	85,810.00	0.00	0.00	0.00
2028	82,285.00	82,285.00	82,285.00	0.00	0.00	0.00
2029	83,760.00	83,760.00	83,760.00	0.00	0.00	0.00

(a) Includes debt service for Health District Facility Bonds and the Human Services Building.

ATTACHMENT A-1

Comparative Cash Basis Summary of County General Fund Receipts and Expenditures for Fiscal Years 2005 through 2009, and Projected for Fiscal Year 2010

	2005	2006	2007	2008	2009	Projected 2010
BEGINNING FUND BALANCE	$ 6,607,262	$ 7,893,474	$ 8,090,395	$ 6,927,588	$ 4,430,470	$ 3,576,046
REVENUE						
Property Tax-Inside Millage	$ 9,978,274	$ 10,224,855	$ 10,369,732	$ 11,420,320	$ 11,726,961	$ 11,846,575
Property Tax-Voted Millage	772,751	749,728	785,381	864,427	803,653	884,000
Sales Tax	9,249,950	9,495,075	9,915,279	9,757,184	9,080,359	9,287,000
Local Government Funds	3,326,433	3,305,862	3,318,314	3,260,731	2,793,600	2,793,967
Investment Income	2,375,458	3,769,382	4,755,654	3,281,850	1,765,110	1,100,000
Property Transfer Tax	2,118,645	1,862,655	1,409,783	1,031,258	97,549	1,110,000
Fees & Fines	5,686,708	5,394,517	4,955,773	4,656,150	4,470,409	4,620,000
Sales & Services	986,007	1,058,067	1,115,262	1,061,341	1,032,693	1,023,451
Refunds/Other	1,721,873	1,552,028	1,674,605	1,743,131	2,314,856	1,875,000
TOTAL REVENUE	$ 36,216,099	$ 37,412,169	$ 38,299,783	$ 37,076,392	$ 34,885,190	$ 34,539,993
EXPENSES						
Salaries	$ 17,469,404	$ 18,710,974	$ 19,531,097	$ 20,109,854	$ 18,921,319	$ 18,281,803
Fringe Benefits	5,741,413	6,096,020	6,407,296	6,751,565	6,360,611	6,668,453
Contract Services	2,341,845	2,488,413	2,597,075	2,619,295	2,483,469	2,225,242
Equipment	491,436	466,953	464,241	277,764	130,970	107,410
Agency Subsidies	1,996,468	2,016,602	2,161,779	2,266,066	1,921,188	1,616,946
Supplies	631,670	674,956	676,955	663,674	595,679	586,087
Veteran Services	477,573	476,997	492,204	690,334	805,171	878,750
Other/Miscellaneous	5,780,078	6,284,333	7,131,943	6,194,958	4,521,207	$ 4,444,059
TOTAL EXPENSES	$ 34,929,887	$ 37,215,248	$ 39,462,590	$ 39,573,510	$ 35,739,614	$ 34,808,750
ENDING FUND BALANCE	$ 7,893,474	$ 8,090,395	$ 6,927,588	$ 4,430,470	$ 3,576,046	$ 3,307,290
Balance as a % of Revenue	21.80%	21.63%	18.09%	11.95%	10.25%	9.58%

Note: Figures may not add due to rounding.

ATTACHMENT A-2
Comparative Cash Basis Summary of Health District Fund
Receipts and Expenditures for Fiscal Years 2005 through 2009, and Projected for Fiscal Year 2010

	2005	2006	2007	2008	2009	Projected 2010
BEGINNING BALANCE	$2,212,454	$2,510,287	$3,067,223	$2,841,531	$2,975,724	$3,237,804
RECEIPTS						
Property Taxes	$2,715,943	$2,809,468	$2,836,997	$2,818,421	$ 2,901,114	$3,081,174
Grants	1,027,905	1,097,681	1,337,459	1,385,895	1,474,456	1,750,000
Fees/Permits	1,490,022	1,533,401	1,327,591	1,446,527	1,414,808	1,360,000
Miscellaneous	189,056	218,001	255,069	256,202	277,981	285,000
TOTAL RECEIPTS	$5,422,926	$5,658,550	$5,575,116	$5,907,045	$6,068,359	$6,476,174
TOTAL RECEIPTS & BALANCE	$7,635,380	$8,168,837	$8,824,339	$8,748,576	$9,044,083	$9,713,978
EXPENDITURES						
Salaries/Fringes	$3,342,796	$3,481,995	$3,797,953	$4,047,612	$4,344,790	$4,601,000
Supplies	207,679	173,020	202,896	170,244	188,640	245,000
Contract Repairs/Services	686,753	610,982	449,764	391,626	472,576	725,000
Equipment	144,580	40,863	94,968	40,698	12,436	215,000
Other/Miscellaneous	660,464	698,705	1,478,298	1,016,320	687,742	780,000
Utilities	82,821	96,051	106,850	106,352	100,095	126,000
TOTAL EXPENDITURES	$5,125,092	$5,101,616	$6,130,729	$5,772,852	$5,806,279	$6,692,000
ENDING BALANCE	$2,510,287	$3,067,223	$2,841,531	$2,975,724	$3,237,804	$3,021,978
BALANCE AS A PERCENTAGE OF RECEIPTS	46.29%	54.21%	49.36%	50.38%	53.34 %	46.67%

Note: Figures may not add due to rounding.

ATTACHMENT B

Basic Financial Statements
from the County's Financial Report for Fiscal Year 2009
(Audited)

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Medina County
144 North Broadway
Medina, Ohio 44256

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County, Ohio, (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Medina County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Achievement Center, ADAMH Board and Public Assistance funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2010, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As further discussed in Note 3, the County restated its governmental activities' and internal service funds' net assets, and other governmental funds' fund balance to account for fund type reclassifications.

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

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining nonmajor fund statements and schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 28, 2010

Medina County, Ohio

Statement of Net Assets

December 31, 2009

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$41,339,685	$15,167,005	$56,506,690
Cash and Cash Equivalents:			
In Segregated Accounts	19,812	17,808	37,620
With Fiscal Agents	1,889,673	1,061	1,890,734
Material and Supplies Inventory	595,475	762,036	1,357,511
Accrued Interest Receivable	173,521	0	173,521
Accounts Receivable	258,574	3,731,399	3,989,973
Intergovernmental Receivable	13,596,592	25,000	13,621,592
Sales Taxes Receivable	1,445,796	0	1,445,796
Property Taxes Receivable	24,714,572	0	24,714,572
Special Assessments Receivable	5,356,738	0	5,356,738
Loans Receivable	85,125	0	85,125
Deferred Charges	113,134	0	113,134
Nondepreciable Capital Assets	3,036,655	3,915,337	6,951,992
Depreciable Capital Assets, Net	53,494,541	263,789,088	317,283,629
Total Assets	146,119,893	287,408,734	433,528,627
Liabilities			
Accounts Payable	2,235,596	614,327	2,849,923
Contracts Payable	660,384	362,583	1,022,967
Accrued Wages and Benefits	1,578,976	263,615	1,842,591
Retainage Payable	0	17,808	17,808
Matured Interest Payable	661	1,061	1,722
Matured Compensated Absences Payable	126,638	29,091	155,729
Accrued Interest Payable	119,373	1,970,810	2,090,183
Intergovernmental Payable	4,239,317	148,869	4,388,186
Deferred Revenue	22,164,199	0	22,164,199
Claims Payable	3,105,702	0	3,105,702
Long-Term Liabilities:			
Due Within One Year	1,331,514	6,875,551	8,207,065
Due In More Than One Year	11,348,554	91,248,488	102,597,042
Total Liabilities	46,910,914	101,532,203	148,443,117
Net Assets			
Invested in Capital Assets, Net of Related Debt	51,030,953	170,502,818	221,533,771
Restricted for:			
Capital Projects	551,462	0	551,462
Debt Service	2,991,891	0	2,991,891
Achievement Center	14,583,294	0	14,583,294
ADAMH Board	3,975,937	0	3,975,937
Auto and Gas	6,350,019	0	6,350,019
Child Support Enforcement	1,151,561	0	1,151,561
Ditch Maintenance	4,074,508	0	4,074,508
Drug Enforcement	1,497,784	0	1,497,784
Public Assistance	2,927,725	0	2,927,725
Real Estate Assessment	833,125	0	833,125
School Sales Tax	1,445,796	0	1,445,796
Shelter Care and Youth Services	551,135	0	551,135
Other Purposes	2,932,795	0	2,932,795
Unclaimed Monies	127,881	0	127,881
Unrestricted	4,183,113	15,373,713	19,556,826
Total Net Assets	$99,208,979	$185,876,531	$285,085,510

See accompanying notes to the basic financial statements

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

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government				
Legislative and Executive	$26,863,243	$3,188,215	$2,243,402	$0
Judicial	10,976,773	2,271,967	2,695,718	0
Public Safety	20,766,755	3,408,551	2,142,172	0
Public Works	10,820,372	3,772,958	7,405,575	1,136,502
Health	26,717,333	1,440,497	11,456,043	0
Human Services	21,207,981	2,094,573	17,418,423	0
Economic Development and Assistance - Primary Government	753,025	33,222	524,872	0
Economic Development and Assistance - External Government	681,637	142,429	0	0
Interest and Fiscal Charges	438,320	0	0	0
Total Governmental Activities	119,225,439	16,352,412	43,886,205	1,136,502
Business-Type Activities				
Sewer	18,539,772	12,210,065	0	4,773,715
Water	9,665,929	5,657,196	0	3,008,675
Solid Waste	7,366,862	7,007,581	50,000	0
Total Business-Type Activities	35,572,563	24,874,842	50,000	7,782,390
Total	$154,798,002	$41,227,254	$43,936,205	$8,918,892

General Revenues
Property Taxes Levied for:
General Purposes
Debt Service
Achievement Center
County Home
DRETAC
Drug Enforcement
Sales Taxes Levied for:
General Purposes
Achievement Center
School Sales Tax
Property Transfer Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restate (Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
($21,431,626)	$0	($21,431,626)
(6,009,088)	0	(6,009,088)
(15,216,032)	0	(15,216,032)
1,494,663	0	1,494,663
(13,820,793)	0	(13,820,793)
(1,694,985)	0	(1,694,985)
(194,931)	0	(194,931)
(539,208)	0	(539,208)
(438,320)	0	(438,320)
(57,850,320)	0	(57,850,320)
0	(1,555,992)	(1,555,992)
0	(1,000,058)	(1,000,058)
0	(309,281)	(309,281)
0	(2,865,331)	(2,865,331)
(57,850,320)	(2,865,331)	(60,715,651)
9,761,212	0	9,761,212
1,441,748	0	1,441,748
11,495,383	0	11,495,383
761,689	0	761,689
509,224	0	509,224
1,377,487	0	1,377,487
9,090,247	0	9,090,247
9,173	0	9,173
8,967,815	0	8,967,815
1,339,442	0	1,339,442
6,570,155	0	6,570,155
1,149,958	1,303,888	2,453,846
2,636,475	1,212,559	3,849,034
55,110,008	2,516,447	57,626,455
(2,740,312)	(348,884)	(3,089,196)
101,949,291	186,225,415	288,174,706
$99,208,979	$185,876,531	$285,085,510

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

	General	Achievement Center	ADAMH Board	Public Assistance	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$5,460,485	$12,289,767	$4,099,614	$1,911,465	$17,173,194	$40,934,525
Cash and Cash Equivalents:						
In Segregated Accounts	9,177	0	0	0	10,635	19,812
With Fiscal Agents	0	1,889,012	0	0	661	1,889,673
Material and Supplies Inventory	84,954	116,121	0	0	394,400	595,475
Accrued Interest Receivable	164,946	0	0	0	8,575	173,521
Accounts Receivable	10,439	35,415	7,179	0	205,541	258,574
Intergovernmental Receivable	3,462,852	1,912,281	520,069	2,808,149	4,893,241	13,596,592
Interfund Receivable	926,823	0	0	0	5,431	932,254
Sales Taxes Receivable	0	0	0	0	1,445,796	1,445,796
Property Taxes Receivable	11,674,142	10,539,991	0	0	2,500,439	24,714,572
Special Assessments Receivable	0	0	0	0	5,356,738	5,356,738
Loans Receivable	0	0	0	0	85,125	85,125
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	127,881	0	0	0	0	127,881
Total Assets	$21,921,699	$26,782,587	$4,626,862	$4,719,614	$32,079,776	$90,130,538
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	$498,302	$177,247	$213,277	$665,046	$674,139	$2,228,011
Contracts Payable	154,772	58,499	371,363	0	75,750	660,384
Accrued Wages and Benefits	790,705	383,012	12,580	121,108	271,571	1,578,976
Matured Compensated Absences Payable	102,079	24,559	0	0	0	126,638
Matured Interest Payable	0	0	0	0	661	661
Interfund Payable	0	253	0	0	743,036	743,289
Intergovernmental Payable	399,607	206,592	6,239	553,107	3,073,407	4,238,952
Deferred Revenue	12,800,606	11,646,465	334,184	2,808,149	11,373,934	38,963,338
Total Liabilities	14,746,071	12,496,627	937,643	4,147,410	16,212,498	48,540,249
Fund Balances						
Reserved for Encumbrances	549,023	137,135	234,657	0	1,102,434	2,023,249
Reserved for Unclaimed Monies	127,881	0	0	0	0	127,881
Reserved for Loans Receivable	0	0	0	0	60,585	60,585
Unreserved, Undesignated (Deficit) Reported in:						
General Fund	6,498,724	0	0	0	0	6,498,724
Special Revenue Funds	0	14,148,825	3,454,562	572,204	14,478,096	32,653,687
Debt Service Funds	0	0	0	0	(141,744)	(141,744)
Capital Projects Funds	0	0	0	0	367,907	367,907
Total Fund Balances	7,175,628	14,285,960	3,689,219	572,204	15,867,278	41,590,289
Total Liabilities and Fund Balances	$21,921,699	$26,782,587	$4,626,862	$4,719,614	$32,079,776	$90,130,538

See accompanying notes to the basic financial statements

Medina County, Ohio

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

Total Governmental Funds Balances		$41,590,289
Amounts reported for governmental activities in the statement of net assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		56,531,196
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	1,035,617	
Intergovernmental Revenues	10,406,784	
Special Assessments	5,356,738	
Total		16,799,139
Bond issuance costs reported as an expenditure in funds are allocated as an expense over the life of the bonds on the statement of net assets.		113,134
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		(3,025,338)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(119,373)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(5,399,541)	
Special Assessment Bonds	(1,230,364)	
OPWC Loans	(100,702)	
OWDA Loans	(968,759)	
Compensated Absences	(4,980,702)	
Total		(12,680,068)
Net Assets of Governmental Activities		$99,208,979

See accompanying notes to the basic financial statements

Medina County, Ohio

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

	General	Achievement Center	ADAMH Board	Public Assistance	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$9,664,430	$11,035,942	$0	$0	$4,055,964	$24,756,336
Sales Taxes	9,090,247	9,173	0	0	8,967,815	18,067,235
Property Transfer Taxes	1,339,442	0	0	0	0	1,339,442
Charges for Services	7,179,770	780,231	0	0	3,911,488	11,871,489
Licenses and Permits	44,803	0	0	0	0	44,803
Fines and Forfeitures	648,480	0	0	0	81,565	730,045
Intergovernmental	5,853,840	5,160,415	5,734,752	11,535,172	18,707,797	46,991,976
Special Assessments	0	0	0	0	739,515	739,515
Interest	1,005,551	1,951	0	0	142,456	1,149,958
Rentals	90,798	0	172,406	0	0	263,204
Donations	0	12,688	0	11,690	175,275	199,653
Other	2,095,089	28,689	19,893	128,307	364,497	2,636,475
Total Revenues	37,012,450	17,029,089	5,927,051	11,675,169	37,146,372	108,790,131
Expenditures						
Current:						
General Government:						
Legislative and Executive	9,254,166	0	0	0	16,539,413	25,793,579
Judicial	7,286,068	0	0	0	3,121,693	10,407,761
Public Safety	16,047,229	0	0	0	3,815,277	19,862,506
Public Works	492,533	0	0	0	7,888,410	8,380,943
Health	677,052	18,423,824	5,989,188	0	333,003	25,423,067
Human Services	3,771,655	0	0	12,109,479	4,642,227	20,523,361
Economic Development and Assistance	83,624	0	0	0	669,401	753,025
Capital Outlay	0	0	0	0	2,353,899	2,353,899
Intergovernmental	681,637	0	0	0	0	681,637
Debt Service:						
Principal Retirement	0	0	0	0	1,920,601	1,920,601
Interest and Fiscal Charges	0	0	0	0	381,136	381,136
Bond Issuance Cost	0	0	0	0	116,035	116,035
Total Expenditures	38,293,964	18,423,824	5,989,188	12,109,479	41,781,095	116,597,550
Excess of Revenues Under Expenditures	(1,281,514)	(1,394,735)	(62,137)	(434,310)	(4,634,723)	(7,807,419)
Other Financing Sources (Uses)						
Sale of Capital Assets	302,252	0	0	0	975	303,227
General Obligation Bonds Issued	0	0	0	0	4,865,000	4,865,000
Premium on General Obligation Bonds	0	0	0	0	53,505	53,505
Payment to Refunded Bond Escrow Agent	0	0	0	0	(3,702,470)	(3,702,470)
Transfers In	0	0	121,740	452,600	393,833	968,173
Transfers Out	(968,173)	0	0	0	0	(968,173)
Total Other Financing Sources (Uses)	(665,921)	0	121,740	452,600	1,610,843	1,519,262
Net Change in Fund Balances	(1,947,435)	(1,394,735)	59,603	18,290	(3,023,880)	(6,288,157)
Fund Balances Beginning of Year - Restated (See Note 3)	9,123,063	15,680,695	3,629,616	553,914	18,891,158	47,878,446
Fund Balances End of Year	$7,175,628	$14,285,960	$3,689,219	$572,204	$15,867,278	$41,590,289

See accompanying notes to the basic financial statements

Medina County, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2009

Net Change in Fund Balances - Total Governmental Funds		($6,288,157)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Assets Additions	2,525,563	
Current Year Depreciation	(3,852,321)	
Total		(1,326,758)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(502,341)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	590,407	
Intergovernmental Revenues	4,401,233	
Special Assessments	2,703,356	
Total		7,694,996
Other financing sources (uses) in the governmental funds that increase long-term liabilities in the statement of net assets.		
General Obligation Bonds Issued	(4,865,000)	
Premium on General Obligation Bonds	(53,505)	
Total		(4,918,505)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		5,623,071
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		116,035
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued Interest	(51,676)	
Bond Discount	(3,133)	
Amortization of Bond Premium	1,338	
Amortization of Loss on Refunding	(812)	
Amortization of Bond Issuance Costs	(2,901)	
Total		(57,184)
Compensated Absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds.		(253,064)
The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the entity-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.		(2,828,405)
Change in Net Assets of Governmental Activities		($2,740,312)

See accompanying notes to the basic financial statements

Medina County, Ohio

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$10,797,543	$10,858,051	$9,666,182	($1,191,869)
Sales Taxes	9,409,499	9,462,228	9,080,359	(381,869)
Property Transfer Taxes	1,387,993	1,395,771	1,339,442	(56,329)
Charges for Services	6,955,706	6,994,685	7,160,968	166,283
Licenses and Permits	8,668	8,717	8,365	(352)
Fines and Forfeitures	675,326	679,110	651,703	(27,407)
Intergovernmental	5,048,584	5,076,876	6,418,807	1,341,931
Interest	1,829,091	1,839,341	1,765,110	(74,231)
Rentals	94,089	94,616	90,798	(3,818)
Other	3,721,460	3,742,314	2,095,089	(1,647,225)
Total Revenues	39,927,959	40,151,709	38,276,823	(1,874,886)
Expenditures				
Current:				
General Government:				
Legislative and Executive	8,802,144	9,019,846	8,295,586	724,260
Judicial	6,413,782	6,566,899	6,157,649	409,250
Public Safety	13,535,884	13,553,215	13,003,327	549,888
Public Works	392,119	375,710	375,706	4
Health	706,630	701,193	701,135	58
Human Services	3,642,474	3,769,280	3,457,338	311,942
Economic Development and Assistance	87,277	83,625	83,624	1
Employee Fringe Benefits	7,713,408	7,582,996	7,247,129	335,867
Intergovernmental	711,416	683,325	682,575	750
Total Expenditures	42,005,134	42,336,089	40,004,069	2,332,020
Excess of Revenues Under Expenditures	(2,077,175)	(2,184,380)	(1,727,246)	457,134
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	302,252	302,252
Transfers Out	(866,201)	(968,173)	(968,173)	0
Total Other Financing Sources (Uses)	(866,201)	(968,173)	(665,921)	302,252
Net Change in Fund Balance	(2,943,376)	(3,152,553)	(2,393,167)	759,386
Fund Balance Beginning of Year	5,647,301	5,647,301	5,647,301	0
Prior Year Encumbrances Appropriated	1,220,003	1,220,003	1,220,003	0
Fund Balance End of Year	$3,923,928	$3,714,751	$4,474,137	$759,386

See accompanying notes to the basic financial statements

Medina County, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Achievement Center Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$11,685,301	$11,843,818	$11,035,942	($807,876)
Sales Tax	9,438	9,566	9,173	(393)
Charges for Services	816,315	827,389	793,371	(34,018)
Intergovernmental	5,020,918	5,089,028	6,245,247	1,156,219
Interest	2,007	2,035	1,951	(84)
Donations	13,055	13,232	12,688	(544)
Other	20,420	20,696	28,689	7,993
Total Revenues	17,567,454	17,805,764	18,127,061	321,297
Expenditures				
Current:				
Health	16,395,805	16,407,036	15,256,987	1,150,049
Employee Fringe Benefits	3,780,991	3,780,991	3,452,265	328,726
Total Expenditures	20,176,796	20,188,027	18,709,252	1,478,775
Net Change in Fund Balance	(2,609,342)	(2,382,263)	(582,191)	1,800,072
Fund Balance Beginning of Year	11,657,482	11,657,482	11,657,482	0
Prior Year Encumbrances Appropriated	603,118	603,118	603,118	0
Fund Balance End of Year	$9,651,258	$9,878,337	$11,678,409	$1,800,072

See accompanying notes to the basic financial statements

Medina County, Ohio

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
ADAMH Board Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$7,297,079	$7,016,482	$5,860,920	($1,155,562)
Rentals	218,973	226,457	172,406	(54,051)
Other	25,266	26,130	19,893	(6,237)
Total Revenues	7,541,318	7,269,069	6,053,219	(1,215,850)
Expenditures				
Current:				
Health	8,283,557	8,597,293	7,201,192	1,396,101
Employee Fringe Benefits	131,030	131,040	110,632	20,408
Total Expenditures	8,414,587	8,728,333	7,311,824	1,416,509
Excess of Revenues Under Expenditures	(873,269)	(1,459,264)	(1,258,605)	200,659
Other Financing Sources				
Transfers In	0	0	121,740	121,740
Net Change in Fund Balance	(873,269)	(1,459,264)	(1,136,865)	322,399
Fund Balance Beginning of Year	3,387,676	3,387,676	3,387,676	0
Prior Year Encumbrances Appropriated	1,023,269	1,023,269	1,023,269	0
Fund Balance End of Year	$3,537,676	$2,951,681	$3,274,080	$322,399

See accompanying notes to the basic financial statements

Medina County, Ohio

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	$11,746,907	$11,989,475	$11,470,737	($518,738)
Donations	14,138	14,527	11,690	(2,837)
Other	155,179	159,445	128,307	(31,138)
Total Revenues	11,916,224	12,163,447	11,610,734	(552,713)
Expenditures				
Current:				
Human Services	13,664,925	13,771,229	11,177,603	2,593,626
Employee Fringe Benefits	1,372,965	1,270,248	1,118,475	151,773
Total Expenditures	15,037,890	15,041,477	12,296,078	2,745,399
Excess of Revenues Under Expenditures	(3,121,666)	(2,878,030)	(685,344)	2,192,686
Other Financing Sources (Uses)				
Transfers In	2,275,305	2,275,305	452,600	(1,822,705)
Transfers Out	0	(150,000)	0	150,000
Total Other Financing Sources (Uses)	2,275,305	2,125,305	452,600	(1,672,705)
Net Change in Fund Balance	(846,361)	(752,725)	(232,744)	519,981
Fund Balance Beginning of Year	1,090,273	1,090,273	1,090,273	0
Prior Year Encumbrances Appropriated	536,410	536,410	536,410	0
Fund Balance End of Year	$780,322	$873,958	$1,393,939	$519,981

See accompanying notes to the basic financial statements

Medina County, Ohio

Statement of Fund Net Assets

Proprietary Funds

December 31, 2009

	Business-Type Activities				
	Medina County Sewer District	Medina County Water District	Solid Waste Management	Total	Governmental Activities - Internal Service
Assets					
Current Assets					
Equity in Pooled Cash and Cash Equivalents	$12,319,743	$1,923,986	$923,276	$15,167,005	$277,279
Cash and Cash Equivalents:					
In Segregated Accounts	8,904	8,904	0	17,808	0
With Fiscal Agents	661	400	0	1,061	0
Materials and Supplies Inventory	615,479	146,557	0	762,036	0
Accounts Receivable	2,109,056	1,003,541	618,802	3,731,399	0
Intergovernmental Receivable	0	0	25,000	25,000	0
Total Current Assets	15,053,843	3,083,388	1,567,078	19,704,309	277,279
Noncurrent Assets					
Non-Depreciable Capital Assets	796,550	2,578,787	540,000	3,915,337	0
Depreciable Capital Assets, Net	149,588,356	105,539,067	8,661,665	263,789,088	0
Total Noncurrent Assets	150,384,906	108,117,854	9,201,665	267,704,425	0
Total Assets	165,438,749	111,201,242	10,768,743	287,408,734	277,279
Liabilities					
Current Liabilities					
Accounts Payable	404,153	171,310	38,864	614,327	7,585
Contracts Payable	85,112	86,873	190,598	362,583	0
Accrued Wages and Benefits	221,190	35,842	6,583	263,615	0
Retainage Payable	8,904	8,904	0	17,808	0
Interfund Payable	0	0	0	0	188,965
Matured Interest Payable	661	400	0	1,061	0
Matured Compensated Absences Payable	29,091	0	0	29,091	0
Accrued Interest Payable	769,051	1,100,065	101,694	1,970,810	0
Intergovernmental Payable	91,149	14,365	43,355	148,869	365
Compensated Absences Payable	208,806	22,590	0	231,396	0
OWDA Loans Payable	3,354,187	2,496,622	716,843	6,567,652	0
OPWC Loans Payable	0	16,794	0	16,794	0
General Obligation Bonds Payable	0	59,709	0	59,709	0
Claims Payable	0	0	0	0	3,105,702
Total Current Liabilities	5,172,304	4,013,474	1,097,937	10,283,715	3,302,617
Long-Term Liabilities (net of current portion)					
Compensated Absences Payable	557,268	122,561	11,207	691,036	0
OWDA Loans Payable	40,018,422	47,391,396	2,851,373	90,261,191	0
OPWC Loans Payable	0	176,341	0	176,341	0
General Obligation Bonds Payable	0	119,920	0	119,920	0
Total Long-Term Liabilities	40,575,690	47,810,218	2,862,580	91,248,488	0
Total Liabilities	45,747,994	51,823,692	3,960,517	101,532,203	3,302,617
Net Assets					
Invested in Capital Assets, Net of Related Debt	107,012,297	57,857,072	5,633,449	170,502,818	0
Unrestricted (Deficit)	12,678,458	1,520,478	1,174,777	15,373,713	(3,025,338)
Total Net Assets (Deficit)	$119,690,755	$59,377,550	$6,808,226	$185,876,531	($3,025,338)

See accompanying notes to the basic financial statements

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

	Business-Type Activities				
	Medina County Sewer District	Medina County Water District	Solid Waste Management	Total	Governmental Activities - Internal Service
Operating Revenues					
Charges for Services	$12,197,219	$5,657,196	$7,007,581	$24,861,996	$9,350,609
Special Assessments	12,846	0	0	12,846	0
Other	417,689	750,139	44,731	1,212,559	3,448
Total Operating Revenues	12,627,754	6,407,335	7,052,312	26,087,401	9,354,057
Operating Expenses					
Personal Services	6,615,030	1,156,440	213,554	7,985,024	159,552
Materials and Supplies	1,461,392	1,170,100	0	2,631,492	2,880
Contractual Services	4,069,867	2,274,547	6,438,502	12,782,916	555,364
Claims	0	0	0	0	10,436,829
Other Operating Expenses	190,743	230,506	160,148	581,397	1,027,837
Depreciation	4,660,706	2,569,843	341,478	7,572,027	0
Total Operating Expenses	16,997,738	7,401,436	7,153,682	31,552,856	12,182,462
Operating Loss	(4,369,984)	(994,101)	(101,370)	(5,465,455)	(2,828,405)
Non Operating Revenues (Expenses)					
Interest	0	639,791	664,097	1,303,888	0
State Subsidies	0	0	50,000	50,000	0
Interest and Fiscal Charges	(1,542,034)	(2,264,493)	(213,180)	(4,019,707)	0
Total Non Operating Revenues (Expenses)	(1,542,034)	(1,624,702)	500,917	(2,665,819)	0
Income (Loss) Before Contributions	(5,912,018)	(2,618,803)	399,547	(8,131,274)	(2,828,405)
Capital Contributions	4,773,715	3,008,675	0	7,782,390	0
Change in Net Assets	(1,138,303)	389,872	399,547	(348,884)	(2,828,405)
Net Assets (Deficit) Beginning of Year - Restated (See Note 3)	120,829,058	58,987,678	6,408,679	186,225,415	(196,933)
Net Assets (Deficit) End of Year	$119,690,755	$59,377,550	$6,808,226	$185,876,531	($3,025,338)

See accompanying notes to the basic financial statements

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

	Business-Type Activities				
	Medina County Sewer District	Medina County Water District	Solid Waste Management	Totals	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities					
Cash Received from Customers	$12,031,547	$5,572,121	$6,971,044	$24,574,712	$0
Cash Received from Interfund Services Provided	0	0	0	0	9,539,865
Other Cash Receipts	417,689	750,139	44,731	1,212,559	3,448
Cash Payments to Suppliers for Goods and Services	(5,449,058)	(3,497,696)	(6,728,389)	(15,675,143)	(556,822)
Cash Paid to Employees	(6,848,206)	(1,210,045)	(233,370)	(8,291,621)	(159,552)
Cash Paid for Claims	0	0	0	0	(9,550,120)
Other Operating Cash Payments	(190,743)	(230,506)	(160,148)	(581,397)	(1,027,837)
Net Cash Provided by (Used for) Operating Activities	(38,771)	1,384,013	(106,132)	1,239,110	(1,751,018)
Cash Flows from Noncapital Financing Activities					
Receipts from State Subsidies	0	0	25,000	25,000	0
Cash Flows from Capital and Related Financing Activities					
Payments for Capital Acquisition	(5,219)	(765,170)	(99,725)	(870,114)	0
Proceeds from OWDA	281,950	1,847,070	0	2,129,020	0
Principal Paid on General Obligation Bonds	0	(59,712)	0	(59,712)	0
Interest Paid on General Obligation Bonds	0	(14,913)	0	(14,913)	0
Principal Paid on OWDA Loans	(3,331,230)	(2,519,562)	(677,665)	(6,528,457)	0
Interest Paid on OWDA Loans	(1,584,932)	(2,214,398)	(232,494)	(4,031,824)	0
Principal Paid on OPWC Loans	0	(16,794)	0	(16,794)	0
Receipts from Tap-in Fees	3,600,815	718,178	0	4,318,993	0
Net Cash Used for Capital and Related Financing Activities	(1,038,616)	(3,025,301)	(1,009,884)	(5,073,801)	0
Cash Flows from Investing Activities					
Interest on Investments	0	639,791	664,097	1,303,888	0
Decrease in Cash and Cash Equivalents	(1,077,387)	(1,001,497)	(426,919)	(2,505,803)	(1,751,018)
Cash and Cash Equivalents Beginning of Year	13,406,695	2,934,787	1,350,195	17,691,677	2,028,297
Cash and Cash Equivalents End of Year	$12,329,308	$1,933,290	$923,276	$15,185,874	$277,279

(continued)

Medina County, Ohio

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

	Business-Type Activities				
	Medina County Sewer District	Medina County Water District	Solid Waste Management	Totals	Governmental Activities - Internal Service
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities					
Operating Loss	($4,369,984)	($994,101)	($101,370)	($5,465,455)	($2,828,405)
Adjustments:					
Depreciation	4,660,706	2,569,843	341,478	7,572,027	0
(Increase) Decrease in Assets:					
Accounts Receivable	(178,238)	(90,995)	(36,457)	(305,690)	0
Interfund Receivable	31,633	0	0	31,633	0
Materials and Supplies Inventory	180,987	(20,855)	0	160,132	0
Increase (Decrease) in Liabilities:					
Accounts Payable	(392,667)	(97,323)	(297,972)	(787,962)	1,422
Contracts Payable	10,338	24,135	(33,354)	1,119	0
Retainage Payable	(33,529)	8,904	0	(24,625)	0
Matured Compensated Absences	(2,774)	0	0	(2,774)	0
Matured Interest Payable	661	(4)	0	657	0
Compensated Absences Payable	28,735	(7,678)	11,207	32,264	0
Accrued Wages	24,724	(3,396)	75	21,403	0
Intergovernmental Payable	637	(4,352)	10,261	6,546	291
Claims Payable	0	0	0	0	886,709
Interfund Payable	0	(165)	0	(165)	188,965
Total Adjustments	4,331,213	2,378,114	(4,762)	6,704,565	1,077,387
Net Cash Provided by (Used for) Operating Activities	($38,771)	$1,384,013	($106,132)	$1,239,110	($1,751,018)

Noncash Activities:
The Medina County Sewer District received donated capital assets from developers in the amount of $1,172,900 and the Medina County Water District received donated capital assets from developers in the amount of $2,290,497. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

Medina County, Ohio

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2009

Assets	
Equity in Pooled Cash and Cash Equivalents	$22,061,593
Cash and Cash Equivalents in Segregated Accounts	2,735,935
Cash and Cash Equivalents with Fiscal Agents	175
Receivables:	
Property Taxes Receivable	216,750,479
Accrued Interest Receivable	11,937
Special Assessments Receivable	10,940,211
Intergovernmental Receivable	8,173,762
Total Assets	$260,674,092
Liabilities	
Intergovernmental Payable	$7,179,323
Deposits Held and Due to Others	20,406
Payroll Withholdings	486,176
Undistributed Assets	252,988,187
Total Liabilities	$260,674,092

See accompanying notes to the basic financial statements

Note 1 - Reporting Entity

Medina County, Ohio (the County) was created in 1818. The County is governed by a Board of three commissioners elected by the voters of the County. The County Commissioners serve as the taxing authority, the contracting body, and the chief administrators of public services for the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, a Probate and Juvenile Court Judge, and a Domestic Relations Judge.

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

The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Medina County, this includes the Alcohol, Drug Addiction and Mental Health Board (ADAMH), the Board of Developmental Disabilities (DD), and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units 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. The County has no component units.

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, Risk Sharing Pool, Related Organizations or Insurance Purchasing Pools. These organizations are presented in Notes 19, 21, 22, and 23 to the basic financial statements. These organizations are:

Medina County Emergency Management Agency
Northeast Ohio Areawide Coordinating Agency (NOACA)
Medina County Family First Council
Lorain Medina Community Based Correctional Facility Judicial Corrections Board
North East Ohio Network (NEON)
County Risk Sharing Authority, Inc. (CORSA)
Medina County Library District
Medina County Park District
Medina Metropolitan Housing Authority (MMHA)

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County Treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but the organizations are not considered part of Medina County. Accordingly, the activity of the following entities is presented as agency funds within Medina County's financial statements:

Medina County General Health District
Medina County Soil and Water Conservation District
Local Emergency Planning Commission
Medina County Family First Council
Medina County Park District
Medina County Emergency Management Agency

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the County's major governmental funds:

> ***General Fund*** The general fund is the operating fund of the County and is used to account 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.
>
> ***Achievement Center Special Revenue Fund*** The achievement center special revenue fund accounts for the operation of a school for the mentally challenged and developmentally disabled. Revenue sources are a County-wide property tax levy, Federal and State grants, and subsidies from the Ohio Department of Education and the Ohio Department of Developmental Disabilities.
>
> ***ADAMH Board Special Revenue Fund*** The ADAMH Board special revenue fund accounts for Federal and State grants and transfers from the general fund that are expended by the Alcohol, Drug and Mental Health Board, primarily to pay the costs of contracts with local mental health agencies that provide services to the public at large.
>
> ***Public Assistance Special Revenue Fund*** The public assistance special revenue fund accounts for various Federal and State grants and transfers from the general fund used to provide general relief to eligible recipients, pay for medical assistance and to pay for various social services.

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net assets, financial position and cash flows and are classified as enterprise or internal service.

> ***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 County's major enterprise funds are:
>
> > ***Medina County Sewer District Fund*** The Medina County sewer district fund accounts for sanitary sewer services provided to County individual and commercial users in various parts of Medina County.
> >
> > ***Medina County Water District Fund*** The Medina County water district fund accounts for distribution of treated water to individual and commercial users in various parts of Medina County.

Solid Waste Management Fund The solid waste management fund accounts for revenues generated from the charges for use of the central processing facility for disposal of waste materials. County waste is directed to the facility where recyclables are recovered from the waste stream.

Internal Service Funds The internal service funds accounts for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County's internal service funds accounts for the self-insurance program which provides medical, surgical, prescription drug, and dental benefits to County employees and workers' compensation.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations**.** The County's only fiduciary funds are agency funds which are used to collect and distribute taxes and various State and Federal monies to local governments within the County and to account for funds of the County General Health District, the Soil and Water Conservation District, the Emergency Planning Commission, Family First Council, Emergency Management Agency and the County Park District.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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 and the statements presented for the proprietary funds and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue 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 a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that 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 sixty days of year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, property transfer fees, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the sale occurs. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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 a 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 to be both measurable and available at year end: sales tax (See Note 8), interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, 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.

Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The enterprise debt service fund is budgeted as part of the debt service fund and is included with the appropriate enterprise funds on the GAAP basis. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 that the County Commissioners may appropriate.

The appropriation resolution is the Commissioners' authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control is at the object level within each department for all funds. Any budgetary modifications at this level may only be made by resolution of the County Commissioners.

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

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

Cash and Investments

To improve cash management, cash received by the County is pooled. Cash balances, except cash held by a fiscal or escrow agent or held in segregated accounts are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The general fund made an advance to various special revenue and enterprise funds to eliminate the funds' negative cash balances. These various funds have an interfund payable for the amount of the advance received from the general fund and the general fund has an interfund receivable for the same amount on the balance sheet.

Cash held for the County by a financial institution for the payment of debt principal and interest as they come due is included on the financial statements as "cash and cash equivalents with fiscal agents". The County has segregated bank accounts for monies held separate from the County's central bank account. These amounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the County treasury.

The County utilizes a jointly governed organization (N.E.O.N.) to service mentally disabled and developmentally disabled residents within the County. The balances in these accounts are presented on the balance sheet as "cash and cash equivalents with fiscal agents" and represents monies held for the County.

During 2009, investments were limited to federal home loan banks notes, federal farm credit bank notes and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2009 amounted to $1,005,551 which includes $840,526 assigned from other County funds.

Investments with original maturities of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

Prepaid Items

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

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws or other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent money set aside for unclaimed monies.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and are updated for additions and retirements during the year. The County was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of $5,000 with the exemption of land as land is listed regardless of cost. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. 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 replacements. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings (including sewage and water treatement plants)	50 years
Improvements, Other than Buildings	50 years
Equipment	3 - 20 years
Bridges	50 years
Roads	5 - 30 years
Culverts	50 years
Signals	15 years
Water Lines	50 years
Sewer Lines	50 years

The County's infrastructure consists of bridges, roads, culverts, signals, water and sewer lines and includes infrastructure acquired prior to December 31, 1980.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are receivables and payables resulting from short-term interfund loans are reported as "interfund receivables/payables." These amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 that 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.

The entire compensated absences liability is reported on the governmental-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted for other purposes include resources restricted for computer operations, prisoner housing and transportation improvement operations.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves

The County records reservations for those portions of fund balance which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, loans receivable (revolving loan monies loaned to local businesses), and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are for county sewer, county water, solid waste recycling and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the goods or services that are the primary activity of the funds. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Interfund Activity

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

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for 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 proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the general obligation bonds are being amortized using the straight-line method over the life of the bonds on the government-wide statements. The straight-line method of amortization is not materially different from the effective-interest method. On the governmental financial statements, issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued. Bond issuance costs are generally paid from bond proceeds.

As permitted by State Statute, the County paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Administration and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Note 3 – Change in Accounting Principles and Restatement of Prior Year Fund Balance/Net Assets

Change in Accounting Principles

For fiscal year 2009, the County has implemented Governmental Accounting Standard Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “ Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the County's financial statements.

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

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the County's financial statements.

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

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

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

Restatement of Prior Year Fund Balance/Net Assets

During 2009, it was determined that the fund classification of the school sales tax fund should be special revenue rather than agency and that the related sales tax receivable and intergovernmental payable were understated in 2008. This had the following effect on the fund balance:

	General Fund	Achievement Center Fund	ADAMH Board Fund	Public Assistance Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance December 31, 2008	$9,123,063	$15,680,695	$3,629,616	$553,914	$17,451,272	$46,438,560
Restatement:						
Change in Fund Structure	0	0	0	0	2,429,755	2,429,755
Sales Tax Receivable	0	0	0	0	1,436,457	1,436,457
Intergovernemntal Payable	0	0	0	0	(2,426,326)	(2,426,326)
Restated Fund Balance January 1, 2009	$9,123,063	$15,680,695	$3,629,616	$553,914	$18,891,158	$47,878,446

During 2009, it was also determined that the County began to administer its own workers' compensation program. This change established that the fund classification of the workers' compensation fund should be internal service rather than agency and the related cash balance was understated in 2008. These restatements increased the governmental activities net assets in the amount of $1,915,724, from $100,033,567 to $101,949,291 and the internal service funds net assets from ($672,771) to ($196,933).

Note 4 - Compliance and Accountability

Legal Compliance

The County had negative cash fund balances in the following funds indicating that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

Special Revenue Funds	
Community Development Block Grant	$48,829
Ohio Criminal Justice Service	7,223
Office of Older Adults	35,279
Safe Communities	3,267
Title VI-D	23,667
Transportation Program	51,353
Victim Assistance	1,737
Workforce Development	100,308
Debt Service Fund	
Special Assessment Bond Retirement	38,797
Proprietary Fund	
Internal Service - Self Insurance	189,330

These cash deficits are a result of monies being expended with the expectation that the County will be reimbursed during 2010.

Although these cash deficits were not corrected by year end, management has indicated that cash will be closely monitored to prevent future violations.

Fund Deficits

The following funds had a deficit fund balance or deficit net assets as of December 31, 2009:

Special Revenue Funds	
Community Development Block Grant	$229,831
Ohio Criminal Justice Service	13,103
Safe Communities	3,267
Title VI-D	10,629
Transportation Program	83,071
Victim Assistance	3,707
Workforce Development	190,782
Debt Serivce Fund	
Special Assessment Bond Retirement	465,942
Capital Projects Fund	
County Capital Improvements	168,141
Proprietary Fund	
Self Insurance - Self Insurance	3,295,514

The deficits resulted from the recognition of accrued liabilities. The general fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance/net assets 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 Balances- Budget (Non-GAAP Basis) and Actual are presented in the basic financial statements for the general fund and major special revenue funds. The major differences between the budget basis and the GAAP basis are:

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

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

3. Outstanding year end encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

4. Investments are reported at fair value (GAAP) rather than cost (budget).

Adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and major special revenue funds are as follows:

	Net Change in Fund Balance			
	General	Achievement Center	ADAMH Board	Public Assistance
GAAP Basis	($1,947,435)	($1,394,735)	$59,603	$18,290
Net Adjustment for Revenue Accruals	885,001	1,097,972	126,168	(64,435)
Fair Value Investments - Beginning of Year	394,265	0	0	0
Fair Value Investments - End of Year	(14,893)	0	0	0
Net Adjustment for Expenditure Accruals	(342,839)	153,799	(500,812)	294,648
Encumbrances	(1,367,266)	(439,227)	(821,824)	(481,247)
Budget Basis	($2,393,167)	($582,191)	($1,136,865)	($232,744)

Note 6 - Deposits and Investments

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

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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 payment of principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;

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

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

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that 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 similar securities or cash, equal value for equal value;

9. Up to twenty-five percent of the County's average portfolio in either of the following:

   a. Commercial paper notes in entities incorporated under the laws of Ohio or any other State that have assets exceeding five hundred million dollars rated at the time of purchase, which are rated in the highest qualification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation and which mature within 270 days after purchase;

   b. Bankers acceptances eligible for purchase by the federal reserve system and which mature within 180 days after purchase.

10. Fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions that are doing business under authority granted by the U.S. provided that the notes are rated in the second highest or higher category by at least two nationally recognized standard rating services at the time of purchase and the notes mature within two years from the date of purchase.

11. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper.

12. One 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.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Other than corporate notes, commercial paper, and bankers acceptances, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County. Investments 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2009, the County's Achievement Center Special Revenue Fund had a cash balance of $1,889,012 with NEON, a jointly governed organization (See Note 21). The money is held by NEON in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments with NEON as a whole may be obtained from their audit report. To obtain financial information, write to the North East Ohio Network, Tom Kuchinka, Director of Business, 5121 Mahoning Avenue, Suite 102, Austintown, Ohio 44515-1895.

Investments

Investments are reported at fair value. As of December 31, 2009, the County had the following investments:

	Fair Value	Maturity
Federal Home Loan Bank Notes	$2,000,000	December 28, 2012
Federal Farm Credit Bank Notes	1,984,307	June 6, 2011
STAROhio	105	61.2 Days - Average
Total	$3,984,412	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the County's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes and the Federal Farm Credit Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent. The County has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk The Federal Home Loan Bank Notes and the Federal Farm Credit Bank Notes carry a rating of AAA by Standard & Poor's. STAROhio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County has no investment policy that addresses credit risk.

Concentration of Credit Risk The County places no limit on the amount it may invest in any one issuer. The following is the County's allocation as of December 31, 2009:

Investment	Percentage of Investments
Federal National Mortgage Association Notes	50.20 %
Federal Home Loan Mortgage Corporation Notes	49.80

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

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

The full tax rate for all County operations for the year ended December 31, 2009, was $7.07 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Estate	
Residential/Agricultural	$3,928,678,920
Other Real Estate	706,077,670
Tangible Personal Property	
Public Utility	89,068,810
General	3,660,110
Total Valuation	$4,727,485,510

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2009 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while the remainder of the receivable is deferred.

Note 8 - Sales and Use Tax

In 1971, the County Commissioners by resolution imposed a one-half of one percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. During 2007, the voters of the County passed an additional one-half percent tax to be used for capital improvements at all school districts within the County. Collection began in October 2007. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Office of Budget and Management then has five days in which to draw the warrant payable to the County.

Proceeds of the sales tax are credited to the general fund. Proceeds of the school sales tax are credited to the school sales tax special revenue fund. A receivable is recognized at year end for amounts that will be received from sales which occurred during 2009.

Note 9 – Receivables

Receivables at December 31, 2009, consisted of property taxes, sales taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services) and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered collectible in full, including accounts receivable which, if delinquent, may be certified and collected as special assessment, subject to foreclosure for nonpayment. All receivables except property taxes, loans and special assessments are expected to be collected within one year. Property taxes, although ultimately collectable, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to $1,761,390 in the special assessment bond retirement fund. The amount of delinquent special assessments outstanding at year-end is $351,721.

Loans expected to be collected in more than one year amount to $85,125 in the revolving loan special revenue fund.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	
Local Government	$3,674,403
Motor Vehicle License Registration	2,022,325
Achievement Center Receivable	1,106,474
Gasoline Tax	1,317,190
Permissive Tax	805,924
Achievement Center Grants and Subsidies	805,807
Civil Division	624,085
ADAMH Grants and Subsidies	520,069
Cents Per Gallon	418,663
Other	1,161,589
Workforce Development Grants and Subsidies	294,870
Ohio Criminal Juvenile Detention Grants and Subsidies	272,040
Drug Enforcement Grants and Subsidies	153,751
Transportation Program Grants and Subsidies	138,067
Municipal Fine Distribution	105,148
Office for Older Adults Grants and Subsidies	72,160
CDBG Grants and Subsidies	64,029
Inmate Housing	14,500
Revolving Loan	10,921
Ohio Criminal Justice Services Grants and Subsidies	7,219
Victim Assistance Grants and Subsidies	4,088
Safe Communities Grants and Subsidies	3,270
Total Governmental Activities	$13,596,592
Business-Type Activities	
Solid Waste Management	$25,000

Receivables and payables on the County's financial statements are recorded to the extent that the amounts are determined significant and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using this criterion, the County has elected not to record child support arrearages within the special revenue and agency fund types. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Note 10 - Federal Food Stamp Program

The County's Department of Job and Family Services (Welfare) distributes, through contracting issuance centers, federal food stamps to entitled recipients within Medina County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. No activity was reported in 2009 due to the installation of an automated system.

Note 11 - Capital Assets

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

	Balance 01/01/09	Additions	Deletions	Balance 12/31/09
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$3,207,255	$0	($170,600)	$3,036,655
Construction in Progress	92,587	0	(92,587)	0
Total Capital Assets not being depreciated	3,299,842	0	(263,187)	3,036,655
Capital Assets being depreciated:				
Buildings	47,165,359	0	(197,928)	46,967,431
Improvements Other Than Buildings	2,470,689	698,860	(300,000)	2,869,549
Equipment	13,047,689	893,349	(647,757)	13,293,281
Infrastructure:				
Bridges	13,536,348	792,849	(137,000)	14,192,197
Roads	35,328,183	0	0	35,328,183
Culverts	2,619,529	233,092	0	2,852,621
Signals	315,370	0	0	315,370
Total Capital Assets being depreciated	114,483,167	2,618,150	(1,282,685)	115,818,632
Accumulated Depreciation:				
Buildings	(14,858,858)	(1,050,880)	102,819	(15,806,919)
Improvements Other Than Buildings	(793,561)	(73,887)	239,802	(627,646)
Equipment	(9,932,446)	(983,867)	608,323	(10,307,990)
Infrastructure:				
Bridges	(3,605,219)	(267,985)	0	(3,873,204)
Roads	(29,553,636)	(1,419,633)	0	(30,973,269)
Culverts	(400,476)	(52,386)	0	(452,862)
Signals	(278,518)	(3,683)	0	(282,201)
Total Accumulated Depreciation	(59,422,714)	(3,852,321) *	950,944	(62,324,091)
Capital Assets being depreciated, net	55,060,453	(1,234,171)	(331,741)	53,494,541
Governmental Activities Capital Assets, Net	$58,360,295	($1,234,171)	($594,928)	$56,531,196

* Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	$727,824
Judicial	32,144
Public Safety	225,781
Public Works	2,126,589
Health	450,718
Human Services	289,265
Total	$3,852,321

	Balance 01/01/09	Additions	Deletions	Balance 12/31/09
Business-Type Activities:				
Capital Assets not being depreciated:				
Land	$1,001,720	$0	$0	$1,001,720
Construction in Progress	7,363,473	2,913,617	(7,363,473)	2,913,617
Total Capital Assets not being depreciated	8,365,193	2,913,617	(7,363,473)	3,915,337
Capital Assets being depreciated:				
Buildings	17,518,936	0	0	17,518,936
Improvements Other Than Buildings	108,277,114	22,306	0	108,299,420
Equipment	5,457,644	82,638	0	5,540,282
Infrastructure:				
Water Lines	106,016,918	5,373,764	0	111,390,682
Sewer Lines	127,627,229	3,304,659	0	130,931,888
Total Capital Assets being depreciated	364,897,841	8,783,367	0	373,681,208
Accumulated Depreciation:				
Buildings	(6,544,175)	(338,751)	0	(6,882,926)
Improvements Other Than Buildings	(67,485,702)	(2,131,724)	0	(69,617,426)
Equipment	(4,541,332)	(276,825)	0	(4,818,157)
Infrastructure:				
Water Lines	(7,684,219)	(2,196,771)	0	(9,880,990)
Sewer Lines	(16,064,665)	(2,627,956)	0	(18,692,621)
Total Accumulated Depreciation	(102,320,093)	(7,572,027)	0	(109,892,120)
Capital Assets being depreciated, net	262,577,748	1,211,340	0	263,789,088
Business-Type Activities Capital Assets, Net	$270,942,941	$4,124,957	($7,363,473)	$267,704,425

Note 12 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The County's 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the County's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the County's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the County of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The County's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were $4,379,270, $3,850,482, and $4,459,785, respectively; 96.99 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the Member-Directed Plan for 2009 were $164,472 made by the County and $117,481 made by plan members.

State Teachers Retirement System

Plan Description - The County participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the year ended December 31, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligation was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years ended December 31, 2009, 2008, and 2007 were $159,150, $153,853, and $151,981, respectively; 68.71 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no contributions to member-directed plans in 2009.

Note 13 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided 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 writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The County's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were $3,050,658, $3,693,974, and $2,836,638, respectively; 97.22 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

State Teachers Retirement System

Plan Description – The County contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years ended December 31, 2009, 2008, and 2007 were $12,242, $11,835, and $11,691 respectively; 68.71 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

Note 14 - Risk Management

Property and Liability

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2009, the County contracted with County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool (See Note 22), for liability, property and crime insurance. Medical/professional liability for the County Home, the County Jail and the Juvenile Detention Center is covered by CORSA. Coverage provided by CORSA is as follows:

	Limits of Coverage
General Liability	$1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorist Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	1,000,000
Building and Contents - Replacement Cost	100,000,000
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 Orders/Counterfeit Currency	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

On December 1, 2008, the County was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The County has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The County utilizes the services of Sedgwick Claims

Management Services, the third party administrator, to review, process, and pay employee claims. The County also maintains excess insurance coverage which would pay the portion of claims that exceed $175,000 per occurrence for all employees.

The claims liability of $7,103 reported in the fund at December 31, 2009, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2009 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2009	$0	$85,495	$78,392	$7,103

Insurance Benefits

The County established a limited risk management program in 1987 for employee health insurance benefits. A third party administrator, Medical Mutual of Ohio, reviews and pays all claims on behalf of the County. During 2009, depending on the type of coverage the employee selects, the monthly premium paid by the County ranged from $206 to $318 for single coverage, from $428 to $668 for single plus one coverage, and from $726 to $1,113 for family coverage. Employee contributions ranged from $10 to $32 for single coverage, from $21 to $67 for single plus one coverage, and from $36 to $111 for family coverage. An excess coverage insurance policy covers individual claims in excess of $175,000 and aggregate claims in excess of $7,890,791.

The liability for unpaid claims costs of $3,098,599 reported in the fund at December 31, 2009, was estimated by the third party administrator and is based on the requirements of GASB No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Interfund premiums are based primarily upon the insured funds' claims experience.

Changes in the fund's claims liability amount in 2008 and 2009 were:

Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2008	$2,970,129	$8,108,519	$8,859,655	$2,218,993
2009	2,218,993	10,351,334	9,471,728	3,098,599

Note 15 - Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Vacation time may not exceed two years' accrual without the approval of management. Upon retirement or death, unused sick leave up to a maximum of 960 hours is paid at varying rates depending on length of service.

Note 16 - Long-Term Obligations

The original issue date, interest rate, original issuance amount and maturity date for each of the County's bonds follow:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activities:				
General Obligation Bonds				
Medina County Water District:				
S.D. Improvements, Series 1990	1990	7.40 %	$375,000	2010
S.D. Improvements, Pearl/Norwalk	1995	5.94	789,522	2013
OWDA Loans				
Medina County Water District:				
Chippewa Ext. and S-1	1988	7.65	813,025	2013
East Smith	1989	7.73	206,446	2009
Forest Drive	1989	8.40	67,178	2009
Route 162 Water Tower/Avon Lake	1996	5.85	2,731,477	2021
Route 162 Waterline	1996	6.58	621,460	2016
River Styx	1996	6.64	156,174	2016
Station, River, Grafton Roads	1996	5.90	1,973,583	2016
Ryan, Avon, Marks Roads	1997	7.38	997,293	2017
Stieger and Crocker Roads	1997	7.38	1,091,106	2017
Lafayette Waterline Loop	1998	6.49	1,077,303	2018
Water System Expansion	1999	6.32	1,216,567	2018
Water Distribution System	2000	5.73	2,129,497	2020
Northwest Storage	2001	4.38	3,960,550	2021
Metzger, Muntz and Sleepy Hollow	2001	5.56	942,260	2021
Lester Wolff	2002	6.41	1,167,264	2022
Granger Tanks	2004	3.90	1,104,529	2022
Remsen, Huffman, Hamlin Roads	2003	4.65	738,112	2023
Spieth	2003	4.87	6,709,453	2023
Spieth Pump Station	2003	4.65	2,791,274	2023
Water System Expansion	2005	4.64	2,470,430	2024
Water System Expansion	2004	4.65	4,167,015	2024
Waterline Extensions	2005	4.40	2,984,260	2025
Foskett/Station/Beck Roads Waterline	2005	4.40	1,241,324	2025
State Route 18 Waterline Relocation	2005	3.85	887,903	2025
Waterline Extensions	2005	4.51	1,833,045	2025
State Route 57 and 162 Waterline Relocation	2005	3.98	362,405	2010
Water Meters and Meter Shop	2006	4.56	985,580	2026
Hinckley Township Storage and Water Tank	2005	4.00	3,430,218	2027
Granger and Medina Townships Waterline	2005	4.00	3,094,325	2027
Hinckley Township Waterline and Ledge Road Pump	2005	3.75	3,152,293	2027
Chatham Township Waterlines	2005	3.79	3,707,616	2027
Plum Creek Waterline	2006	4.00	849,043	2028
Hinckley Waterline Phase 3	2006	3.82	4,637,476	2028
Westfield Center Water System Purchase	2007	3.62	834,993	2028
Westfield Center Water Plant Improvments	2008	4.21	4,809,360	2035
Medina County Sewer District:				
RRSD#390354	1972	6.25	873,171	2011
RRSD#390657	1977	5.25	2,720,924	2016

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activities (continued):				
OWDA Loans				
Medina County Sewer District (continued):				
East Smith	1989	7.73 %	$54,855	2009
Chippewa	1991	5.00	1,335,333	2010
Hamilton Road	1993	5.20	1,131,017	2013
Chippewa	1993	5.00	2,600,613	2013
Brunswick Gardens	1993	7.54	487,832	2013
Hinckley Wastewater Treatment	1997	3.68	9,062,842	2016
Hamilton	1997	4.16	724,553	2016
Marks Sewer	1997	4.35	1,400,823	2016
Brunswick Rehab	1997	4.16	1,038,847	2016
Medina City Rehab	2001	3.02	1,844,522	2020
Plum Creek	2002	3.64	344,522	2022
Liverpool Treatment	2003	3.56	36,975,879	2022
Route 252 Sewer	2003	3.95	587,464	2022
Reservoir Sewer Replacement	2004	3.81	1,215,095	2025
Sewer Replacement	2006	4.16	364,250	2010
Valley City Sanitary Pump Station Replacement	2005	4.10	1,407,799	2026
Boston Road Sanitary Sewer	2003	3.20	208,264	2009
Sanitary Sewer Replacement	2005	4.00	373,531	2010
Pumper Station Improvements	2005	3.75	380,122	2016
Brunswick Sanitary Sewer Replacement	2006	4.09	1,293,032	2016
Sanitary Sewer Replacement	2007	4.11	1,932,818	2029
Sanitary Sewer Improvements	2009	4.11	373,531	2029
Solid Waste District:				
Central Processing Facility	2002	5.70	7,833,046	2014
OPWC Loan				
Medina County Water District:				
Water Loop	2001	0.00	335,885	2021
Governmental Activities:				
General Obligation Bonds				
County Facilities Improvements	1996	Variable	2,500,000	2014
Prosecutor's Renovations	1999	Variable	500,000	2009
Department of Human Services	1999	Variable	3,000,000	2024
Engineering Center	2000	Variable	1,350,000	2010
Health District	2000	Variable	2,300,000	2009
Adult Jail Facility Refunding Bonds	2002	2.68	3,850,000	2017
Various Improvement Bonds	2002	2.68	1,125,000	2017
Refunding Bonds - Serial	2009	Variable	3,105,000	2018
Refunding Bonds - Term	2009	Variable	1,760,000	2029
OPWC Loans				
Guilford Road Bridge Replacement	1997	0.00	91,758	2017
Medina Line, Hamilton and Greenwich Roads	2005	0.00	165,195	2009
Ryan Road Bridge Replacement	2006	0.00	120,530	2015
OWDA Loans				
County Home Sewer	1995	3.54	122,581	2014
Fair Board Water	2002	4.65	192,144	2011

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities (continued):				
Special Assessment Bonds with Governmental Commitment				
Sewer Improvements, Series 1990	1990	7.40	$100,000	2010
Sewer Improvements, Series 1992	1992	5.90	125,000	2012
State Route 18	1994	6.30	2,100,000	2013
Deferred Assessments	1995	5.94	177,262	2013
Water Improvements #5	2000	Variable	650,000	2019
Gateway Drive	2003	Variable	415,000	2023
OWDA Loans Paid from Special Assessments				
State Route 18 Water	1994	7.14	751,939	2014
State Route 18 Sewer	1994	5.20	1,917,178	2014
Harrisville Water	1997	6.36	578,146	2009
Harrisville Sewer	1997	6.36	870,045	2009
East Smith Sewer	1989	7.73	86,303	2009
Forest Drive	1989	8.40	174,580	2009

A schedule of changes in bonds and other long-term obligations of the County during 2009 follows:

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Amount Due in One Year
Business-Type Activities:					
General Obligation Bonds					
Medina County Water District:					
S.D. Improvements, Series 1990	$39,471	$0	$19,737	$19,734	$19,734
S.D. Improvements, Pearl/Norwalk	199,870	0	39,975	159,895	39,975
Total General Obligation Bonds	239,341	0	59,712	179,629	59,709
OWDA Loans					
Medina County Water District:					
Chippewa Ext and S-1	272,244	0	53,072	219,172	57,133
East Smith	4,622	0	4,622	0	0
Forest Drive	1,372	0	1,372	0	0
Route 162 Water Tower/Avon Lake	1,830,889	0	103,531	1,727,358	109,588
Route 162 Waterline	327,474	0	35,213	292,261	37,530
River Styx	82,502	0	8,854	73,648	9,442
Station, River, Grafton Roads	1,010,102	0	111,075	899,027	117,629
Ryan, Avon, Marks Roads	595,938	0	52,955	542,983	56,864
Stiegler and Crocker Roads	651,999	0	57,936	594,063	62,212
Lafayette Waterline Loop	676,589	0	53,784	622,805	57,274
Water System Expansion	2,071,198	0	89,749	1,981,449	93,961
Water Distribution System	1,498,859	0	95,726	1,403,133	101,211
Northwest Storage	2,906,879	0	179,085	2,727,794	187,015
Metzger Muntz and Sleepy Hollow	701,922	0	40,179	661,743	42,444
Lester Wolff	933,548	0	45,244	888,304	48,191
Granger Tanks	857,298	0	47,067	810,231	48,921
Remsen, Huffman, Hamlin Roads	582,628	0	30,344	552,284	31,771
Spieth	5,452,975	0	266,368	5,186,607	279,498
Spieth Pump Station	2,258,715	0	112,142	2,146,573	117,417
Water System Expansion	789,050	0	58,970	730,080	62,697

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Amount Due in One Year
Business-Type Activities (continued):					
OWDA Loans (continued)					
Medina County Water District (continued):					
Water System Expansion	$3,319,971	$0	$150,299	$3,169,672	$157,370
Waterline Extensions	2,447,662	0	103,638	2,344,024	108,248
Foskett/Station/Beck Roads Waterline	1,081,935	0	45,811	1,036,124	47,849
State Route 18 Waterline Relocation	752,682	0	32,071	720,611	33,318
Waterline Extensions	1,547,988	0	62,237	1,485,751	65,076
State Route 57 and 162 Waterline Relocation	113,695	0	75,048	38,647	38,647
Water Meters and Meter Shop	1,240,314	0	68,122	1,172,192	0
Hinckley Township Storage and Water Tank	2,948,303	0	110,218	2,838,085	114,671
Granger and Medina Townships Waterline	2,769,849	0	103,547	2,666,302	107,731
Hinckley Township Waterline and Ledge Road Pump	2,578,498	0	95,157	2,483,341	98,759
Chatham Township Waterlines	3,439,904	0	126,443	3,313,461	131,281
Plum Creek Waterline	675,724	0	22,756	652,968	23,697
Hinckley Waterline Phase 3	1,389,196	0	47,350	1,341,846	49,177
Westfield Center Water System Purchase	794,750	0	29,577	765,173	0
Westfield Center Water Plant Improvement	1,953,236	1,847,070	0	3,800,306	0
Medina County Water District OWDA Loans	50,560,510	1,847,070	2,519,562	49,888,018	2,496,622
Medina County Sewer District:					
RRSD #390354	160,106	0	49,864	110,242	52,980
RRSD #390657	578,197	0	68,023	510,174	68,023
East Smith	4,923	0	4,923	0	0
Chippewa	200,136	0	97,587	102,549	102,549
Hamilton Road	363,490	0	73,679	289,811	77,560
Chippewa	825,770	0	167,983	657,787	176,487
Brunswick Gardens	193,986	0	34,630	159,356	37,241
Hinckley Wastewater Treatment	4,411,363	0	483,659	3,927,704	501,621
Hamilton	362,390	0	39,046	323,344	40,687
Marks Sewer	706,967	0	75,646	631,321	78,973
Brunswick Rehab	519,589	0	55,982	463,607	58,336
Medina City Rehab	1,170,664	0	82,287	1,088,377	84,791
Plum Creek	1,383,589	0	81,003	1,302,586	83,978
Liverpool Treatment	29,251,716	0	1,572,663	27,679,053	1,629,149
Route 252 Sewer	456,650	0	24,983	431,667	25,980
Reservoir Sewer Replacement	1,062,874	0	47,315	1,015,559	49,135
Sewer Replacement	147,640	0	72,300	75,340	75,340
Valley City Sanitary Pump Station Replacement	1,312,702	0	50,523	1,262,179	52,616
Boston Road Sanitary Sewer	22,345	0	22,345	0	0
Sanitary Sewer Replacement	162,240	0	79,514	82,726	82,727
Pumper Station Improvements	314,957	0	34,444	280,513	35,748
Brunswick Sanitary Sewer Replacement	1,167,358	0	38,669	1,128,689	40,266
Sanitary Sewer Replacement	1,642,237	32,625	74,162	1,600,700	0
Sanitary Sewer Improvements	0	249,325	0	249,325	0
Medina County Sewer District OWDA Loans	46,421,889	281,950	3,331,230	43,372,609	3,354,187
Solid Waste					
Central Processing Facility	4,245,881	0	677,665	3,568,216	716,843
Total OWDA Loans	$101,228,280	$2,129,020	$6,528,457	$96,828,843	$6,567,652

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Amount Due In One Year
Business-Type Activities (continued):					
OPWC Loan					
Water Loop	$209,929	$0	$16,794	$193,135	$16,794
Compensated Absences Payable	890,168	263,441	231,177	922,432	231,396
Total Business-Type Activities	$102,567,718	$2,392,461	$6,836,140	$98,124,039	$6,875,551
Governmental Activities:					
General Obligation Bonds					
County Facilities Improvements	$1,330,000	$0	$1,330,000	$0	$0
Prosecutor's Renovations	60,000	0	60,000	0	0
Department of Human Services	2,280,000	0	2,280,000	0	0
Engineering Center	325,000	0	160,000	165,000	165,000
Health District	285,000	0	285,000	0	0
Adult Jail Facility Refunding Bonds	595,000	0	595,000	0	0
Unamortized Discount	(2,387)	0	(2,387)	0	0
Various Improvement Bonds	735,000	0	70,000	665,000	75,000
Unamortized Discount	(6,714)	0	(746)	(5,968)	0
Refunding Bonds - Serial	0	3,105,000	310,000	2,795,000	320,000
Refunding Bonds - Term	0	1,760,000	0	1,760,000	0
Accounting Loss	0	(32,470)	(812)	(31,658)	0
Premium	0	53,505	1,338	52,167	0
Total General Obligation Bonds	5,600,899	4,886,035	5,087,393	5,399,541	560,000
OPWC Loans					
Guilford Road Bridge Replacement	38,997	0	4,588	34,409	4,588
Medina Line, Hamilton and Greenwich Roads	16,521	0	16,521	0	0
Ryan Road Bridge Replacement	78,345	0	12,052	66,293	12,052
Total OPWC Loans	133,863	0	33,161	100,702	16,640
OWDA Loans					
County Home Sewer	46,149	0	7,033	39,116	7,284
Fair Board Water	67,166	0	21,368	45,798	22,373
Total OWDA Loans	113,315	0	28,401	84,914	29,657
Special Assessment Bonds With Government Commitment					
Sewer Improvements, Series 1990	10,526	0	5,263	5,263	5,263
Sewer Improvements, Series 1992	20,000	0	5,000	15,000	5,000
State Route 18	525,000	0	105,000	420,000	105,000
Deferred Assessments	50,126	0	10,025	40,101	10,025
Water Improvements #5	465,000	0	30,000	435,000	30,000
Gateway Drive	335,000	0	20,000	315,000	20,000
Total Special Assessment Bonds	$1,405,652	$0	$175,288	$1,230,364	$175,288

	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Amount Due in One Year
Governmental Activities (continued):					
OWDA Loans Paid from Special Assessments					
State Route 18 Water	$316,825	$0	$49,130	$267,695	$52,638
State Route 18 Sewer	734,793	0	118,643	616,150	124,893
Harrisville Water	33,060	0	33,060	0	0
Harrisville Sewer	49,752	0	49,752	0	0
East Smith Sewer	8,176	0	8,176	0	0
Forest Drive	4,990	0	4,990	0	0
Total OWDA Loans	1,147,596	0	263,751	883,845	177,531
Compensated Absences	4,727,638	636,947	383,883	4,980,702	372,398
Total Governmental Activities	$13,128,963	$5,522,982	$5,971,877	$12,680,068	$1,331,514

Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the County. Revenue debt and OWDA loans reported in the enterprise funds will be paid from charges for services revenue in the enterprise funds. General obligation bonds will be retired from the general obligation debt service fund, using general property tax revenue.

All bonded debt is a general obligation supported by the full faith and credit of the County. OWDA and OPWC loans grant neither security nor property interest to OWDA or OPWC in any property of the County, and do not pledge the general credit of the County.

The County has pledged future water revenues net of expenditures to repay OWDA and OPWC loans. These loans are payable solely from net revenues and are payable through 2029. Annual principal and interest payments on these loans are expected to require 218 percent of net revenues and 69 percent of total revenues. The total principal and interest remaining to be paid on the loans is $66,545,516. Principal and interest paid for the current year were $4,825,379, total net revenues were $2,215,533, and total revenues were $7,047,126.

The County has pledged sewer revenues net of expenditures to repay OWDA loans. All the debt is payable solely from net revenues and is payable through 2029. Annual principal and interest payments on the OWDA loans are expected to require 169 percent of net revenues and 39 percent of total revenues. The total principal and interest remaining to be paid on the debt is $53,869,752. Principal and interest paid for the current year were $4,916,162, total net revenues were $290,722, and total revenues were $12,627,754.

The County has pledged future solid waste revenues net of expenditures to repay OWDA loans. All the debt is payable solely from net revenues and is payable through 2014. Annual principal and interest payments on the OWDA loans are expected to require 98 percent of net revenues and 12 of total revenues. The total principal and interest remaining to be paid on the debt is $4,095,716. Principal and interest paid for the current year were $910,159, total net revenues were $929,205, and total revenues were $7,741,409.

Compensated absences will be paid from the fund from which the employee is paid. These funds include the general fund, achievement center, ADAMH, auto and gas, child support enforcement agency, dog and kennel, DRETAC, drug enforcement, office of older adults, public assistance, real estate, shelter care, title VI-D, transportation, sewer, water and solid waste funds.

During 2009, the County issued $4,865,000 in general obligation refunding bonds at interest rates varying from 2.0 percent to 5.0 percent. Proceeds were used to refund $3,670,000 of the outstanding county facilities improvements, prosecutor's renovations, and department of human services bonds. On December 31, 2009, $3,670,000 of the defeased bonds are still outstanding. The bonds were issued at a $53,505 premium and issuance costs were $116,035.

The term bonds for the general obligation refunding bonds were issued for a 20 year period with a final maturity at December 1, 2029. The bonds are being retired from the general obligation bond retirement fund.

The County decreased its total debt service payments by $297,458 as a result of the advance refunding. The County incurred an economic gain (difference between the present value of the old and new debt service payments) of $241,240.

The County office building is occupied by the sanitary engineering department, which manages all County enterprise operations, and the County engineering department, which is a governmental fund operation. One half of the general obligation bonded indebtedness for the construction of the building is paid from enterprise fund revenues; the remainder is paid from unvoted property tax revenue.

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

Business-Type Activities:

	General Obligation Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2010	$59,709	$11,055	$6,567,652	$3,749,788	$16,794
2011	39,974	7,195	6,552,370	3,453,320	16,794
2012	39,974	4,797	6,787,579	3,151,620	16,794
2013	39,972	2,398	6,900,419	2,844,487	16,794
2014	0	0	6,523,486	2,535,799	16,794
2015-2019	0	0	29,749,703	8,679,579	83,973
2020-2024	0	0	22,490,250	2,828,238	25,192
2025-2029	0	0	3,669,688	246,173	0
Total	$179,629	$25,445	$89,241,147	$27,489,004	$193,135

Governmental Activities:

	General Obligation Bonds		Special Assessment Bonds		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2010	$560,000	$201,407	$175,288	$57,799	$207,188	$52,744	$16,640
2011	395,000	184,042	170,025	49,490	218,836	41,092	16,641
2012	405,000	168,578	175,025	43,518	206,634	29,052	16,641
2013	425,000	152,620	170,026	37,237	218,518	17,169	16,641
2014	440,000	140,914	55,000	30,955	117,583	4,562	16,641
2015-2019	1,400,000	418,542	345,000	101,373	0	0	17,498
2020-2024	1,390,000	313,640	140,000	13,575	0	0	0
2025-2029	370,000	53,345	0	0	0	0	0
Total	$5,385,000	$1,633,088	$1,230,364	$333,947	$968,759	$144,619	$100,702

The County has entered into contractual agreements for construction loans from the Ohio Water Development Authority (OWDA). Under the terms of these agreements, the OWDA will reimburse, advance or directly pay the construction costs of approved projects. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan.

Lines of credit had been established with the Ohio Water Development Authority in the amount of $9,926,565 for various wastewater and sewer treatment projects. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements.

The balance of these loans is as follows:

Enterprise Funds		
Water District:	December 31, 2009	Lines of Credit
OWDA Water:		
Water Meters and Meter Shop	$1,172,192	$1,975,863
Westfield Center water system purchase	765,173	834,993
Westfield Center water plant improvements	3,800,306	4,809,360
Total OWDA Water:	5,737,671	7,620,216
Sewer District:		
OWDA Sewer		
Sanitary Sewer Replacement	1,600,700	1,932,818
Sanitary Sewer Improvements	249,325	373,531
Total OWDA Sewer:	1,850,025	2,306,349
Total Loans not Finalized:	$7,587,696	$9,926,565

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

The effects of the debt limitations described above at December 31, 2009, are an overall debt margin of $111,261,335 and a margin on unvoted debt of $41,849,052.

Note 17 - Conduit Debt Obligations

From time to time, the County has issued Healthcare Revenue Bonds to provide financial assistance to health care organizations and Economic Development Bonds for the private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. Servicing these debts is the sole obligation of the entities which received the debt proceeds. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009, $202,415,000 of these bonds had been issued. Of the $93,255,000 issued after December 31, 1995, $66,980,000 was still outstanding.

Note 18 - Contingent Liabilities

Grants

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

Litigation

Several claims and lawsuits are pending against the County. The amount of the liability, if any, cannot be reasonably estimated at this time.

Note 19 - Joint Venture

The County participates in the Medina County Emergency Management Agency which is a statutorily created political subdivision of the State. The Agency is a joint venture among the County, three cities, seventeen townships and six villages all located wholly within the County. Of the nine member board, the County appoints four members. The degree of control exercised by any participating government is limited to its representation on the board. The Agency establishes a program for emergency management that includes development of an emergency operations plan and is applicable to all political subdivisions that have entered into the County-wide agreement. Continued existence of the Agency is dependent on the County's continued participation; however, the County does not have an equity interest in the Agency. The Agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. In 2009, the County contributed $67,025 to the Agency, which represents 48 percent of total contributions. Complete financial statements can be obtained from the Emergency Management Agency, Medina, Ohio.

Note 20 - Interfund Activity

Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

	Transfer From
Transfer To	General Fund
ADAMH Board	$121,740
Public Assistance	452,600
Other Governmental Funds	393,833
Total	$968,173

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to repay another fund for that fund's share of project expenditures; and to return money to the fund from which it was originally provided once a project is completed.

Interfund Balances

Interfund balances at December 31, 2009, consisted of the following amounts and represent advances to offset deficit cash. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

	Interfund Receivable		
Interfund Payable	General Fund	Other Governmental Funds	Total
Governmental Activities			
Achievement Center	$253	$0	$253
Other Governmental Funds	737,605	5,431	743,036
Total Governmental Activities	737,858	5,431	743,289
Proprietary Fund			
Self Insurance	188,965	0	188,965
Total	$926,823	$5,431	$932,254

Note 21 - Jointly Governed Organizations

Northeast Ohio Areawide Coordinating Agency (NOACA)

Northeast Ohio Areawide Coordinating Agency (NOACA) was created by the County Commissioners of Cuyahoga, Geauga, Lake, Lorain and Medina Counties and is responsible for transportation and environmental planning in the five County region. NOACA is controlled by 37 members including the three Medina County Commissioners. The Board exercises total control over the operation of the agency including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the board. During 2009, the County contributed $49,683 to NOACA.

Medina County Family First Council

The mission of the Medina County Family First Council is to support and strengthen families by providing or facilitating family centered, coordinated, community-based, preventive and comprehensive services that identify and respond to the health, human, and social services needs of Medina County families. The Board of Trustees is made up of 40 to 45 individuals from various organizations including 8 from the County. During 2009, the County contributed $1,688 to the Council.

Lorain Medina Community Based Correctional Facility Judicial Corrections Board

The Lorain Medina Community Based Correctional Facility Judicial Corrections Board consists of the general division judges of the common pleas court, four from Lorain County and two from Medina County. This Board reviews the implementation of the operations of the correctional and rehabilitation programs at the correctional facility based in Lorain County. During 2009, the County did not contribute any funding to the Board.

North East Ohio Network (NEON)

NEON is a council of governments formed to provide a regional effort in administrating, managing and operating programs for certain individuals with developmental disabilities. Participating counties include Medina, Trumbull, Columbiana, Geauga, Lake, Mahoning, Portage, Ashtabula, Lorain, Summit, Wayne, Richland and Stark Counties. NEON operation is controlled by their board which is comprised of the superintendents of Developmental Disabilities of each participating County. NEON adopts its own budget, authorized expenditures and hires and fires its own staff. During 2009, NEON received sufficient revenues from State grant monies and no additional funds were needed from the participants. (See Note 6 for information on the County's cash balance on hand at NEON).

Note 22 - Risk Sharing Pool

The County Risk Sharing Authority, Inc., (CORSA) is a risk sharing pool made up of sixty counties in Ohio. CORSA was formed as an Ohio nonprofit 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 coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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. No county may have more than one representative on the board 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. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County does not have an equity interest in CORSA. The County's payment for insurance to CORSA in 2009 was $471,601.

Note 23 - Related Organizations

Medina County Library District

The County Commissioners are responsible for appointing a voting majority of the Medina County Library District Board; however, the County cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden on the County. The County serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of its rate and duration, the County must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the County during 2009.

Medina County Park District

The three Park District Commissioners are appointed by the Probate Judge of the County. The Park District administers its own staff and does not rely on the County to finance deficits. The County is not financially accountable for the Park District nor is the Park District financially dependent on the County. The Park District serves as its own budgeting, taxing and debt issuance authority. The Park District did not receive any funding from the County in 2009.

Medina Metropolitan Housing Authority

The Medina Metropolitan Housing Authority (“MMHA”) is a legally separate body politic. The majority of the MMHA board is appointed by Medina County. The MMHA board is composed of five representatives who include: one member appointed by the Medina County Court of Common Pleas Judge; one member appointed by the Medina County Probate Court Judge; one member appointed by the Medina County Commissioners; and two members appointed by the Mayor of the City of Brunswick. The County is not able to impose its will on the MMHA and no financial benefit and/or burden relationship exists. The MMHA is responsible for approving its own budget, appointing personnel and accounting and finance related activities. The general purpose of the MMHA is to provide decent, safe, and sanitary housing for qualified persons within the County. During 2009, the County did not make any financial contributions to the operation of the MMHA.

EXHIBIT A

PROPOSED TEXT OF LEGAL OPINION OF BOND COUNSEL

We have examined the transcript of proceedings relating to the issuance by the Medina County Port Authority ("Authority") of its $5,090,000 Taxable Development Revenue Bonds, Series 2010A (Medina County Fiber Network Project) (Recovery Zone Economic Development Bonds) ("Series 2010A Bonds"), its $7,925,000 Development Revenue Bonds, Series 2010B (Medina County Fiber Network Project) (Recovery Zone Facility Bonds) ("Series 2010B Bonds"), and its $1,420,000 Taxable Development Revenue Bonds, Series 2010C (Medina County Fiber Network Project) ("Series 2010C Bonds"), all dated the date hereof (collectively, "Series 2010 Bonds"). The Series 2010 Bonds are being issued to finance costs of the acquisition, construction, installation, equipping and development of port authority facilities for authorized purposes of the Authority ("Project"), including a fiber optic cable network available for lease to and use by governmental, non-profit, civic and business users, as more fully described in the Trust Indenture dated as of December 1, 2010 ("Indenture") between the Authority and The Huntington National Bank, as Trustee ("Trustee"). The Authority will own the Project and will lease a portion of the Project to the Medina County Economic Development Corporation ("Development Corporation") for development in accordance with a Lease and Security Agreement between the Authority and the Development Corporation dated as of December 1, 2010 ("Development Corporation Lease"), and the Authority and the Development Corporation are to make the Project available for lease to and use by governmental, non-profit, civic and business users under leases and other use agreements. The Authority has established a Bond Reserve Fund under the Indenture and the County of Medina, Ohio ("County") has agreed, in a Bond Reserve Fund Non-Tax Revenue Contribution Agreement dated as of November 8, 2010 among the County, the Authority and the Trustee ("County Contribution Agreement"), subject to appropriation, to restore, from available non-tax revenues, the balance in the Bond Reserve Fund in the event that the Trustee draws from the Bond Reserve Fund to pay debt service on the Series 2010 Bonds when due. The documents in the Transcript examined include signed counterparts of the Indenture, the Development Corporation Lease and the County Contribution Agreement. We have also examined a copy of a signed and authenticated Series 2010 Bond of each series.

Based on this examination we are of the opinion that, under existing law:

1. The Series 2010 Bonds, the Indenture, the Development Corporation Lease and the County Contribution Agreement are legal, valid, binding and enforceable in accordance with their respective terms, subject to bankruptcy laws and other laws affecting creditors' rights and to the exercise of judicial discretion.

2. The Series 2010 Bonds constitute special obligations of the Authority, and the principal of and interest and any premium (collectively, "debt service") on the Series 2010 Bonds are payable solely from the "pledged revenues" and other moneys assigned by the Indenture to secure that payment, all as further described in the Indenture. The Series 2010 Bonds and the payment of debt service are not secured by an obligation or pledge of any moneys raised by taxation, and the Series 2010 Bonds do not represent or constitute a debt or pledge of the faith and credit of the Authority.

3. The interest on the Series 2010 Bonds, and any profit made on their sale, exchange or other disposition, are exempt from the Ohio personal income tax, the Ohio commercial activity tax, the net income base of the Ohio corporate franchise tax, and municipal,

school district and joint economic development district income taxes in Ohio. We express no opinion as to any other tax consequences with respect to the Series 2010A Bonds or the Series 2010C Bonds.

4. The interest on the Series 2010B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended ("Code"), except interest on a Series 2010B Bond for any period during which that Series 2010B Bond is held by a "substantial user" or a "related person", as those terms are used in Section 147(a) of the Code, and is not an item of tax preference under Section 57 of the Code for the purposes of the alternative minimum tax imposed on individuals and corporations. We express no opinion as to any other federal income tax consequences regarding the Series 2010B Bonds.

In giving the foregoing opinion with respect to the treatment of interest on the Series 2010B Bonds and the status of the Series 2010B Bonds under the federal income tax laws, we have assumed and relied upon compliance with the covenants of the Authority and the Development Corporation, and the accuracy, which we have not independently verified, of the representations and certifications of the Authority and the Development Corporation contained in the Transcript. The accuracy of certain of those representations and certifications, and compliance by the Authority and the Development Corporation with certain of those covenants, may be necessary for the interest on the Series 2010B Bonds to be and to remain excluded from gross income for federal income tax purposes and for other tax effects stated above. Failure to comply with certain of those covenants subsequent to issuance of the Series 2010B Bonds could cause interest on the Series 2010B Bonds to be included in gross income for federal income tax purposes retroactively to the date of their issuance.

Under the Code, the interest on the Series 2010B Bonds is excluded from the calculation of a corporation's adjusted current earnings for purposes of the corporate alternative minimum tax, but interest on the Series 2010B Bonds may be subject to a branch profits tax imposed on certain foreign corporations doing business in the United States and to a tax imposed on excess net passive income of certain S corporations.

In rendering this opinion, we have relied upon opinions, certifications and representations of fact, contained in the Transcript, which we have not independently verified, and we have assumed the due authorization, signing and delivery by, and the binding effect upon and enforceability against, the Trustee of the Indenture. We have also relied upon the opinion of Ralph A. Berry, Jr., counsel for the Development Corporation, contained in the Transcript, as to certain matters concerning the Development Corporation, including the due authorization, signing and delivery by, and the binding effect upon and the enforceability against, the Development Corporation of the Development Corporation Lease.

Respectfully submitted,