

ALLEN COUNTY, OHIO
GENERAL FUND
FINANCIAL STATEMENTS FOR THE
THREE MONTH PERIOD ENDING
MARCH 31, 2004 and 2005

Prepared by Ben E. Diepenbrock, CPA
AUDITOR OF ALLEN COUNTY, OHIO

**ALLEN COUNTY, OHIO
FINANCIAL STATEMENTS
FIRST QUARTER ENDED MARCH 31, 2005 AND 2004**

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May 9, 2005

Allen County Elected Officials and Department Heads
Allen County Residents and Members of the News Media

Dear Financial Statement Users:

I am pleased to present the first quarter 2005, General Fund financial statements and schedules for your review. The concept of accountability requires that government officials report financial information to the public, their elected representatives and other users who make decisions based upon this information. The Governmental Accounting Standards Board in their *Concepts Statement I* state, "Accountability is the paramount objective of governmental financial reporting—the objective from which all other financial reporting objectives flow." I believe that reasonable people can make decisions when information is provided to them and that is why this report is prepared for you.

Despite our beginning (carryover) fund balance declining by \$847,455 from January 2004 to January 2005, our cash position is seeing some improvement in 2005. Our revenues increased by \$301,330 (4.56%) primarily due to double-digit increases in sales tax revenue and interest income. Expenditures are also up by \$126,976 (2.26%) because of an increase in salaries and health insurance. Other financing sources and uses are in a surplus position by \$56,685 because of an advance that was repaid from another county department. The cumulative effect of these transactions led to a small enhancement in the cash position of the county. As a result, our cash fund balance was still down by \$616,416 which is a decrease of 11.10% from the first quarter of 2004, when the cash fund balance was particularly large.

These statements simply and objectively express the transactions that occurred in the first quarter. Because the presentation of the statements is on the cash basis, they do not consider future plans, assets or actual liabilities that exist. Please take the time to read the notes to the financial reports for more facts relating to these statements. As your auditor, I will continue to monitor our finances closely for changes that might impact our operations.

As always, feel free to call me if you have any feedback, observations or recommendations.

Sincerely,

A handwritten signature in black ink that reads "Ben E. Diepenbrock" with a stylized flourish at the end.

Ben E. Diepenbrock, CPA
Auditor of Allen County, Ohio

Allen County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
General Fund
For the Three Month Period Ended March 31, 2005 and 2004

	Actual 2005	Actual 2004	Variance Favorable (Unfavorable)
Revenues:			
Local taxes:			
Real estate taxes	\$1,662,373	\$1,641,467	\$20,906
Personal property taxes	139,108	134,324	4,784
House trailer tax	8,778	8,852	(74)
County sales tax	3,200,897	2,889,713	311,184
Property transfer tax	64,927	67,324	(2,397)
Mobile home conveyance fees	72	93	(21)
Local government fund	463,451	470,496	(7,045)
Local government assistance fund	95,709	96,757	(1,048)
Total local taxes	5,635,315	5,309,026	326,289
Other revenues:			
Fees	454,944	483,365	(28,421)
Licenses	723	2,980	(2,257)
Interest	247,262	141,498	105,764
Sales and rents	95,690	146,114	(50,424)
Miscellaneous and reimbursements	285,108	312,339	(27,231)
Courts	160,938	185,197	(24,259)
Detention Center	22,832	23,680	(848)
Federal grants	13,000	10,283	2,717
Total other revenues	1,280,497	1,305,456	(24,959)
Total General Fund revenue	6,915,812	6,614,482	301,330
Expenditures:			
Salaries	2,843,279	2,773,630	69,649
Insurance	574,862	499,132	75,730
Public employees retirement (PERS)	398,542	394,224	4,318
Medicare	30,421	28,668	1,753
Unemployment	0	1,530	(1,530)
Materials and supplies	374,645	394,338	(19,693)
Services	985,715	997,704	(11,989)
Equipment	8,337	8,069	268
Grants to other county depts.	521,188	512,718	8,470
Total expenditures	5,736,989	5,610,013	126,976
Excess of revenues over expenditures	1,178,823	1,004,469	174,354
Other financing sources (uses):			
Transfer in	100,000	100,000	0
Transfer out	(234,717)	(261,431)	26,714
Advance in	237,171	7,200	229,971
Advance out	(200,000)	0	(200,000)
Total other financing sources (uses)	(97,546)	(154,231)	56,685
Excess of revenues and other financing sources over expenditures and other financing uses	1,081,277	850,238	231,039
Beginning fund balance, January 1, 2005 and 2004	3,855,298	4,702,753	(847,455)
Ending fund balance, March 31, 2005 and 2004	4,936,575	5,552,991	(616,416)
Outstanding encumbrances	(3,545,846)	(3,782,091)	236,245
Unencumbered fund balance, March 31, 2005 and 2004	\$1,390,729	\$1,770,900	(\$380,171)

See the accompanying notes and explanations to the quarterly financial reports.
This is an unaudited financial statement.
Prepared by Allen County Auditor

Allen County, Ohio
Schedule of Estimated and Actual Revenues-Cash Basis
General Fund
For the Three Month Period Ended March 31, 2005

	Annual Budgeted Revenues	Total Receipt for 2005	Variance Over (Under)	% Received To Date
Revenues:				
Local taxes:				
Real estate taxes	\$3,050,000	\$1,662,373	(\$1,387,627)	54.50%
Personal property taxes	1,150,000	139,108	(1,010,892)	12.10%
House trailer tax	14,400	8,778	(5,622)	60.96%
Rollback reimbursement	461,725	0	(461,725)	0.00%
County sales taxes	10,916,762	3,200,897	(7,715,865)	29.32%
Property transfer taxes	315,175	64,927	(250,248)	20.60%
Conveyance fees	2,200	72	(2,128)	3.27%
Local government fund	1,480,000	463,451	(1,016,549)	31.31%
Local government assistance	300,000	95,709	(204,291)	31.90%
Total local taxes	<u>17,690,262</u>	<u>5,635,315</u>	<u>(12,054,947)</u>	<u>31.86%</u>
Other revenues:				
Fees	1,783,820	454,944	(1,328,876)	25.50%
Licenses	11,500	723	(10,777)	6.29%
Interest	900,000	247,262	(652,738)	27.47%
Sales and rents	791,000	95,690	(695,310)	12.10%
Miscellaneous and reimbursements	1,308,900	285,108	(1,023,792)	21.78%
Court revenues	689,000	160,938	(528,062)	23.36%
Detention center	80,500	22,832	(57,668)	28.36%
Federal grants	42,000	13,000	(29,000)	30.95%
Transfers in	100,000	100,000	0	100.00%
Advances in	225,000	237,171	12,171	105.41%
Total other revenues	<u>5,931,720</u>	<u>1,617,668</u>	<u>(4,314,052)</u>	<u>27.27%</u>
Total General Fund revenues	<u><u>\$23,621,982</u></u>	<u><u>\$7,252,983</u></u>	<u><u>(\$16,368,999)</u></u>	<u><u>30.70%</u></u>

See the accompanying notes and explanations to the quarterly financial reports.

This is an unaudited financial statement.

Prepared by Allen County Auditor

Allen County, Ohio
Schedule of Expenditures Compared to Appropriations-Cash Basis
General Fund
For the Three Month Period Ended March 31, 2005

	<u>Current Year Appropriations</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>	<u>% Spent To Date</u>
Expenditures: and budgeted appropriations				
Salaries	\$12,465,970	\$2,843,279	\$9,622,691	22.81%
Insurance	2,680,000	582,847	2,097,153	21.75%
Public employees retirement	1,775,564	398,542	1,377,022	22.45%
Medicare	158,203	30,421	127,782	19.23%
Unemployment	15,000	0	15,000	0.00%
Materials and supplies	1,613,346	1,258,568	354,778	78.01%
Services	5,289,897	2,925,134	2,364,763	55.30%
Capital outlay for equipment	83,045	69,550	13,495	83.75%
Grants to other county depts.	894,175	777,352	116,823	86.94%
Transfers out	894,359	631,859	262,500	70.65%
Advances out	275,000	200,000	75,000	72.73%
Total expenditures	<u>\$26,144,559</u>	<u>\$9,717,552</u>	<u>\$16,427,007</u>	<u>37.17%</u>

See the accompanying notes and explanations to the quarterly financial reports.

This is an unaudited financial statement.

Appropriations include prior year carryover plus current year appropriations.

Actual expenditures also include encumbrances (commitments against appropriations).

Prepared by Allen County Auditor

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Three Month Period Ended March 31, 2005

The financial statements and schedules for the General Fund are prepared on the basis of cash receipts and disbursements. As a result, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when a liability is incurred. Adjustments are made at year end to bring the financial statements into conformity with generally accepted accounting principles (GAAP).

The financial statements and schedules presented are for the General Fund only. The General Fund is the primary operating fund of the county. It accounts for all receipts and expenditures that are not legally required to be accounted for in another fund. The General Fund includes such departments as the commissioners, auditor, treasurer, sheriff, recorder, clerk of courts, the courts, prosecutor, and others.

The *Statement of Cash Receipts, Disbursements and Changes in Fund Balance* shows the actual cash receipts and expenditures for the first quarter which covers the period January 1, 2005 through March 31, 2005 and 2004. This statement shows a comparison of receipts and expenditures for those two years. Comparative financial statements provide more information for management to make decisions and gives the readers a better idea of how we compare with last year.

The *Schedule of Budgeted and Actual Revenues* and the *Schedule of Expenditures Compared to Appropriations* for 2005, compares the estimated and actual revenues for the current year and the expenditures and encumbrances against the appropriations authorized by the Allen County Commissioners.

Revenues are classified by source based upon the county auditor's chart of accounts. Expenditures are classified by object because they better describe the types of payments made and are easier for readers to understand. A description of the major revenue sources and expenditures are summarized in these notes.

The *Schedule of Budgeted and Actual Revenues* includes only the 2005 estimated revenues and does not include prior year carryover balances that are available to appropriate. Estimated revenues are revised near year end to comply with financial reporting and legal requirements. A description of the major revenue accounts and explanations for the first quarter 2005 are included below.

The revenues in the General Fund are estimated based upon the source from which they are received and are classified in this manner. A brief description of the major revenue sources and an explanation of them are included below:

Real estate taxes are received from the tax paid by owners of real estate in the county. These taxes are distributed to the county in February and August. The February settlement has been received by the county and the county collected 1.27% more in 2005 than in 2004. The county receives 2.40 inside (or unvoted) mills which generates the real estate tax revenue.

Personal property tax revenues are received from taxes paid by those who have a trade or business. It is a tax on machinery and equipment used in manufacturing or other business and inventory used in manufacturing or for resale. Most of it is received by the county primarily in June and October after it is collected from the businesses and the larger share is received in the October settlement. We have received slightly more in 2005. This tax may not be collected in future years so we are watching the developments in the state legislature. The house trailer tax is collected on trailers that are taxed like real estate.

Rollback reimbursements are collected from the state for taxes that are discounted at the county level. This offsets the real estate rollback and the tax exempted from personal property. This will be collected in future quarters.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Three Month Period Ended March 31, 2005

Sales tax is derived from the 1% additional tax on sales within the county. It is paid into the state by business owners and then sent back to the county about three months later. Sales taxes received in the General Fund in 2005 are 10.77% more than we received in 2004. It should be noted that gross sales tax revenues (before allocation to other funds) are up in 2005 by \$286,060. This revenue source is affected by market and non-economic conditions and is a primary indicator of business activity.

Transfer taxes and conveyance fees are paid to the county when real estate transactions occur. One dollar is placed in the General Fund and the rest is distributed by the commissioners to other funds. These are slightly down this year.

Local government funds are received from the State of Ohio. This is a volatile revenue source since the state is considering reducing this to stabilize their budget. The actual allocation was changed in the second half of 2004 and the account will be closely monitored in the future. We have received 2.6% less than in the previous year.

Fees are generated from charges by the probate court and recorder. Auditor and treasurer fees are collected from administering the collection and distribution of real estate and personal property taxes to local governments.

Licenses primarily consist of revenues from the sale of cigarette and vendors licenses. More vendors' licenses were issued after July of 2004, because more industries are required to collect and remit sales taxes to the state. This will not significantly increase revenue from this source however.

Interest is collected monthly from investments of the county's cash. If the cash balances grow and interest rates increase, revenues will increase. Interest income has increased by \$105,784 which is an increase of almost 75% from 2004, due primarily to an increase in interest rates paid on investments and other factors.

Sales and rents are primarily collected from the rental of county property such as the county home, the Court of Appeals building and parking lots.

Miscellaneous revenues are derived primarily from election expenses and reimbursements from other sources.

Court revenues come from fines and court costs imposed by the Municipal Court, Juvenile Court and other courts that collect these fines and fees.

Detention Center revenues are derived from tuition charges and housing of inmates.

Federal grant revenue comes primarily from the federal National School Lunch program and is used to offset the Juvenile Detention Center food costs.

Transfers in are consistent with the preceding year due to payments made by the clerk of courts.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Three Month Period Ended March 31, 2005

The *Schedule of Expenditures Compared to Appropriations* shows the relationship between the spending authority (appropriations) of the county and actual spending for the year. Current year appropriations include the encumbrances carried over from 2004, which do not need to be reappropriated, and the current year appropriations. The total expenditures and encumbrances column shows the amount spent and obligated (encumbered) in 2005, against the appropriation accounts. The variance column shows the amount that has not been spent or obligated to date and shows whether there are legal violations of Revised Code provisions. There are none.

Appropriations are approved by the county commissioners based upon requests made by the departments in the General Fund, and other funds, and must be approved before any expenditure can legally be made. Appropriations are limited by the carryover fund balance plus estimated revenues and cannot exceed those amounts. Appropriations include encumbrances carried over from 2004 and the current appropriations for 2005. Encumbrances are obligations that are made for the purchase of goods or services and reduce the available appropriations by that amount in order to reduce the risk of overspending. Appropriations do not exceed the amount available.

Ohio law states that current year expenditures and encumbrances cannot exceed the appropriations referred to above. Appropriations can be modified throughout the year with the approval of the commissioners.

A brief description of expenditure accounts follows:

Salaries include the amounts paid to elected officials and county employees for services provided to the county. Salaries and fringe benefits account for about 67% of General Fund expenditures. Salaries are up this year by 2.5%.

Insurance includes the county share of hospitalization paid for employees as well as workers compensation and the term life insurance policy provided as a fringe benefit. Health insurance costs are up about 15% from the prior year.

The Public Employee Retirement System includes the county (employer) share of retirement paid for the employees as a fringe benefit and is calculated based upon 13.55% of salaries paid. The county pays 16.7% of the gross salary for law enforcement employees as a fringe benefit.

Medicare is paid by both the employee and the employer, with each contributing 1.45% of gross pay for those employees hired after April 1, 1986. Unemployment compensation is the county obligation for employees who are laid off. Allen County is a reimbursing employer so premiums are not paid unless employees are laid off.

Materials and supplies include such items as general office supplies, advertising, dues, books, food for detention centers, fuel and maintenance of certain county vehicles, and other items. These expenditures are down by 5% from 2004.

Services include certain contracts with vendors for the maintenance and repair of office equipment and vehicles, jury fees, utility bills, liability insurance, travel expenses, and other items. Spending on this line item has decreased by a little over one percent.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Three Month Period Ended March 31, 2005

Capital outlay is used to record the purchase of equipment or other assets purchased through the General Fund. Most county purchases of general fixed assets are made from the Building and Repair Fund.

Grants to other county departments include payments made to the Regional Planning Commission, Regional Transit Authority, and Board of Health, veteran services, Airport Authority, Court of Appeals, Crime Victim Services, agricultural-related organizations and others to assist in the funding of their operations. Expenditures for these accounts have increased by 1.65%.

Transfers out primarily consist of the payment of the county's mandated share of public assistance to the County Department of Job and Family Services. The county's share to Department of Job and Family Services so far this year was \$187,717.