

**ALLEN COUNTY, OHIO
GENERAL FUND
FINANCIAL STATEMENTS FOR THE
SIX MONTH PERIOD ENDING
JUNE 30, 2005 and 2004**

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

**ALLEN COUNTY, OHIO
SIX MONTH PERIOD ENDED JUNE 30, 2005 AND 2004
FINANCIAL STATEMENTS**

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July 15, 2005

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

Dear Financial Statement Readers:

The General Fund financial statements and schedules for the first six-month period ended June 30, 2005, are included here 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.

We began the year with a cash balance of \$3,855,298. Our receipts and other financing sources provided cash of \$12,314,658 which is a 10.4% increase over 2004, primarily due to an increase in sales tax revenue and interest income. Our spending totaled \$12,844,993 which is an increase of 2%. This is attributed to increases in the salary and fringe benefit accounts. We have cash remaining at the end of June in the amount of \$3,324,963. Cumulatively, we have \$58,103 more in our General Fund cash balance than we did at the same time last year.

These statements simply and objectively express the transactions that occurred in the first half of 2005. Because the presentation of the statements is on the cash basis, they do not consider future plans, assets or actual liabilities that exist on this date. Please take the time to read the notes to the financial reports for more explanations relating to these statements. As your auditor, I will continue to monitor our finances closely for changes that might impact your county 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 Six Month Period Ended June 30, 2005 and 2004

	1st Half 2005	1st Half 2004	Variance Favorable (Unfavorable)
Revenues:			
Local taxes:			
Real estate taxes	\$1,662,373	\$1,641,467	\$20,906
Personal property taxes	256,974	280,952	(23,978)
House trailer tax	8,778	8,852	(74)
Rollback reimbursement	206,720	202,816	3,904
County sales tax	5,889,027	5,300,494	588,533
Property transfer tax	163,088	151,453	11,635
Conveyance fees	421	765	(344)
Local government fund	868,514	873,885	(5,371)
Local government assistance fund	178,236	180,187	(1,951)
Total local taxes	9,234,131	8,640,871	593,260
Other revenues:			
Fees	772,714	875,095	(102,381)
Licenses	2,898	6,484	(3,586)
Interest	483,345	291,347	191,998
Sales and rents	305,587	296,297	9,290
Miscellaneous and reimbursements	770,872	498,152	272,720
Courts	330,948	365,453	(34,505)
Detention Center	54,352	54,496	(144)
Federal grants	24,307	20,878	3,429
Total other revenues	2,745,023	2,408,202	336,821
Total General Fund revenue	11,979,154	11,049,073	930,081
Expenditures:			
Salaries	6,133,910	5,992,646	(141,264)
Insurance	1,307,922	1,290,264	(17,658)
Public employees retirement (PERS)	866,536	846,394	(20,142)
Medicare	66,861	62,242	(4,619)
Unemployment	439	3,937	3,498
Materials and supplies	703,523	680,469	(23,054)
Services	2,547,538	2,468,850	(78,688)
Equipment	25,100	30,688	5,588
Grants to other county depts.	698,421	678,289	(20,132)
Total expenditures	12,350,250	12,053,779	(296,471)
Excess of revenues under expenditures	(371,096)	(1,004,706)	633,610
Other financing sources (uses):			
Transfer in	100,000	100,000	0
Transfer out	(284,743)	(538,387)	253,644
Advance in	235,504	7,200	228,304
Advance out	(210,000)	0	(210,000)
Total other financing sources (uses)	(159,239)	(431,187)	271,948
Excess of revenues and other financing sources under expenditures and other financing uses	(530,335)	(1,435,893)	905,558
Beginning fund balance, January 1, 2005 and 2004	3,855,298	4,702,753	(847,455)
Ending fund balance, June 30, 2005 and 2004	3,324,963	3,266,860	58,103
Outstanding encumbrances	(2,791,208)	(2,541,199)	(250,009)
Unencumbered fund balance, June 30, 2005 and 2004	\$533,755	\$725,661	(\$191,906)

This is an unaudited financial statement.

Prepared by Allen County Auditor

Allen County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
General Fund
For the Second Quarter Ended June 30, 2005 and 2004

	2005	2004	Variance Favorable (Unfavorable)
Revenues:			
Local taxes:			
Personal property taxes	\$117,866	\$146,628	(\$28,762)
Rollback reimbursement	206,720	202,816	3,904
County sales tax	2,688,130	2,410,781	277,349
Property transfer tax	98,160	84,265	13,895
Conveyance fees	349	536	(187)
Local government fund	405,062	403,388	1,674
Local government assistance fund	82,526	83,430	(904)
Total local taxes	<u>3,598,813</u>	<u>3,331,844</u>	<u>266,969</u>
Other revenues:			
Fees	317,770	391,734	(73,964)
Licenses	2,175	3,504	(1,329)
Interest	236,084	148,910	87,174
Sales and rents	208,231	150,183	58,048
Miscellaneous and reimbursements	485,763	186,753	299,010
Courts	170,011	180,256	(10,245)
Detention Center	31,520	30,816	704
Federal grants	11,307	10,595	712
Total other revenues	<u>1,462,861</u>	<u>1,102,751</u>	<u>360,110</u>
Total General Fund revenue	<u>5,061,674</u>	<u>4,434,595</u>	<u>627,079</u>
Expenditures:			
Salaries	3,290,630	3,219,016	(71,614)
Insurance	733,060	791,133	58,073
Public employees retirement (PERS)	467,994	452,171	(15,823)
Medicare	36,441	33,575	(2,866)
Unemployment	439	2,407	1,968
Materials and supplies	328,878	286,129	(42,749)
Services	1,561,822	1,471,145	(90,677)
Equipment	16,764	22,619	5,855
Grants to other county depts.	177,233	165,572	(11,661)
Total expenditures	<u>6,613,261</u>	<u>6,443,767</u>	<u>(169,494)</u>
Excess of revenues under expenditures	(1,551,587)	(2,009,172)	457,585
Other financing uses:			
Transfer out	(50,026)	(276,957)	226,931
Advance out	(10,000)	0	(10,000)
Total other financing uses	<u>(60,026)</u>	<u>(276,957)</u>	<u>216,931</u>
Excess of revenues under expenditures and other financing uses	(1,611,613)	(2,286,129)	674,516
Beginning fund balance, April 1, 2005 and 2004	4,936,576	5,552,990	(616,414)
Ending fund balance, June 30, 2005 and 2004	<u>3,324,963</u>	<u>3,266,861</u>	<u>58,102</u>
Outstanding encumbrances	(2,791,208)	(2,541,199)	(250,009)
Unencumbered fund balance, June 30, 2005 and 2004	<u>\$533,755</u>	<u>\$725,662</u>	<u>(\$191,907)</u>

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 Six Month Period Ended June 30, 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	256,974	(893,026)	22.35%
House trailer tax	14,400	8,778	(5,622)	60.96%
Rollback reimbursement	461,725	206,720	(255,005)	44.77%
County sales taxes	10,916,762	5,889,027	(5,027,735)	53.94%
Property transfer taxes	315,175	163,088	(152,087)	51.75%
Conveyance fees	2,200	421	(1,779)	19.14%
Local government fund	1,480,000	868,514	(611,486)	58.68%
Local government assistance	300,000	178,236	(121,764)	59.41%
Total local taxes	<u>17,690,262</u>	<u>9,234,131</u>	<u>(8,456,131)</u>	<u>52.20%</u>
Other revenues:				
Fees	1,783,820	772,714	(1,011,106)	43.32%
Licenses	11,500	2,898	(8,602)	25.20%
Interest	900,000	483,345	(416,655)	53.71%
Sales and rents	791,000	305,587	(485,413)	38.63%
Miscellaneous and reimbursements	1,308,900	770,871	(538,029)	58.89%
Court revenues	689,000	330,948	(358,052)	48.03%
Detention center	80,500	54,352	(26,148)	67.52%
Federal grants	42,000	24,307	(17,693)	57.87%
Transfers in	100,000	100,000	0	100.00%
Advances in	225,000	235,504	10,504	104.67%
Total other revenues	<u>5,931,720</u>	<u>3,080,526</u>	<u>(2,851,194)</u>	<u>51.93%</u>
Total General Fund revenues	<u><u>\$23,621,982</u></u>	<u><u>\$12,314,657</u></u>	<u><u>(\$11,307,325)</u></u>	<u><u>52.13%</u></u>

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 Six Month Period Ended June 30, 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	\$6,133,910	\$6,332,060	49.21%
Insurance	2,680,000	1,318,547	1,361,453	49.20%
Public employees retirement	1,775,564	866,536	909,028	48.80%
Medicare	158,203	66,861	91,342	42.26%
Unemployment	15,000	439	14,561	2.93%
Materials and supplies	1,619,345	1,324,893	294,452	81.82%
Services	5,289,897	4,076,597	1,213,300	77.06%
Capital outlay for equipment	83,045	69,550	13,495	83.75%
Grants to other county depts.	894,175	886,983	7,192	99.20%
Transfers out	894,359	681,885	212,474	76.24%
Advances out	269,000	210,000	59,000	78.07%
Total expenditures	<u><u>\$26,144,558</u></u>	<u><u>\$15,636,201</u></u>	<u><u>\$10,508,357</u></u>	<u><u>59.81%</u></u>

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 Six Month Period Ended June 30, 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 six months which covers the period January 1, 2005 through June 30, 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 cash (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 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 next settlement will be received in early August 2005. The county levies a tax at the rate of 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 \$23,978 less in 2005 than in 2004. This tax was eliminated in the state budget as of June 30, 2005. However, it will continue to be collected in decreasing amounts in future years until it is eliminated and replaced by a commercial activities tax of .26% on the gross receipts of most businesses. The house trailer tax is collected on trailers that are taxed like real estate.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Six Month Period Ended June 30, 2005

Rollback reimbursements are received from the state of Ohio for taxes that are discounted at the county level. This offsets the real estate rollback and the tax exempted from personal property.

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 11.10% 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 \$529,501, or 6.7%. 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 up by 7.7% this year based upon increased real estate activity.

Local government funds are received from the State of Ohio. This is an important revenue source that was the subject of scrutiny in the state of Ohio 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 1.69% 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 \$191,998 which is an increase of almost 67% 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. This source increased by \$272,720 which is an increase of 54.75%.

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 Six Month Period Ended June 30, 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 (the employer share of Medicare, retirement costs, and insurance) account for about 67% of General Fund expenditures. Salaries are up this year by 2.36%.

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. Insurance costs are up about 1.4% from the prior year.

The Ohio 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. The employer's share of OPERS will increase slightly in 2006.

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 up by 3.4% 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 increased by 3.2 percent.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Six Month Period Ended June 30, 2005

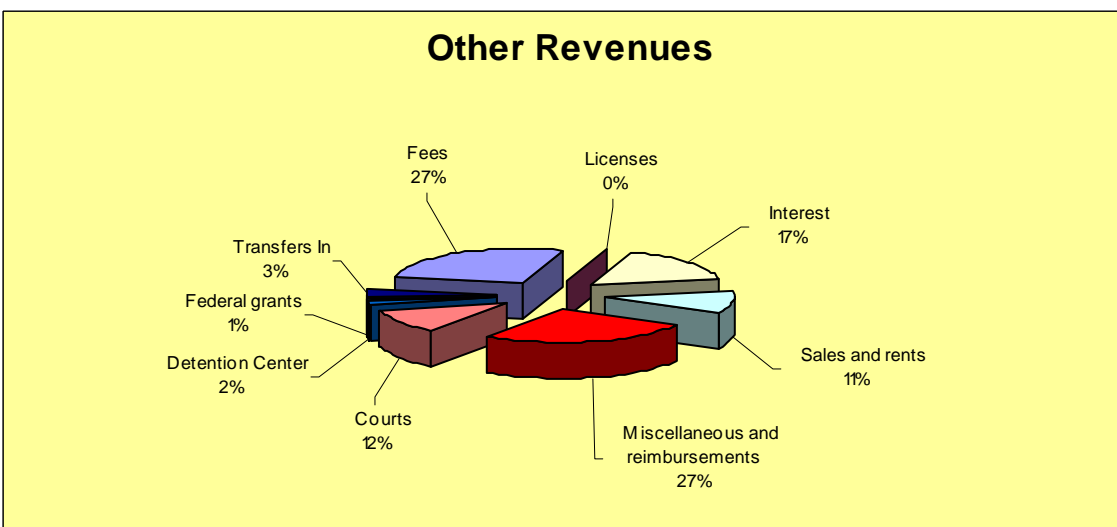
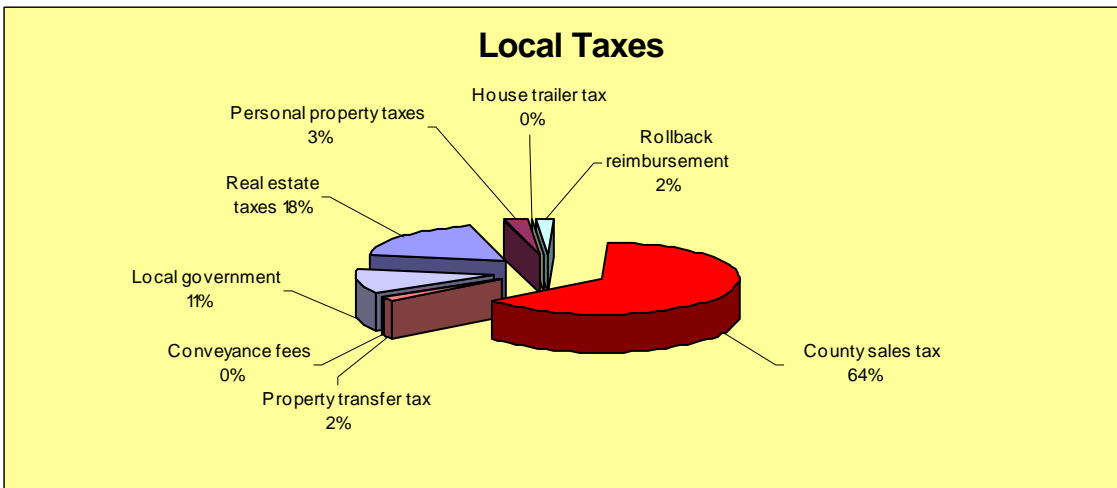
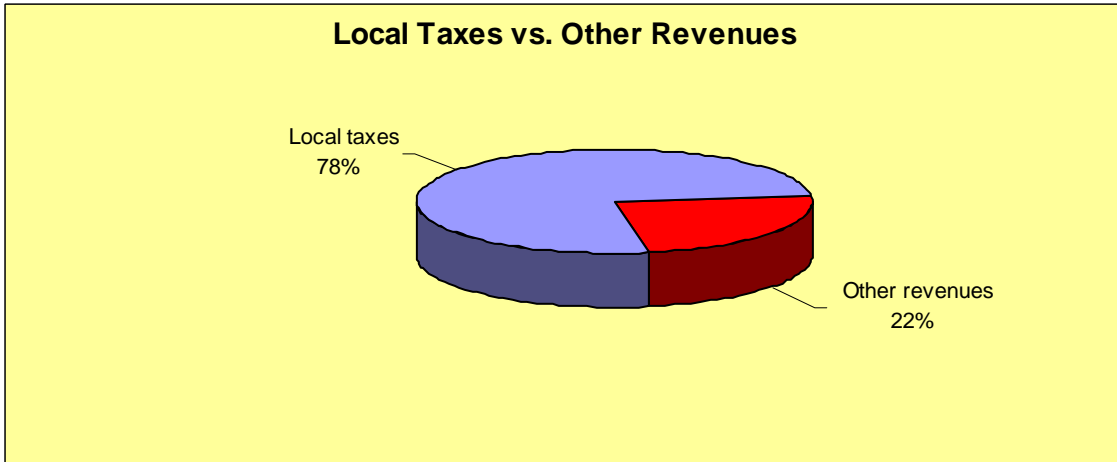
Capital outlay is used to record the purchase of equipment or other assets purchased through the General Fund. Most county purchases of general fixed assets are made from the Building and Repair Fund.

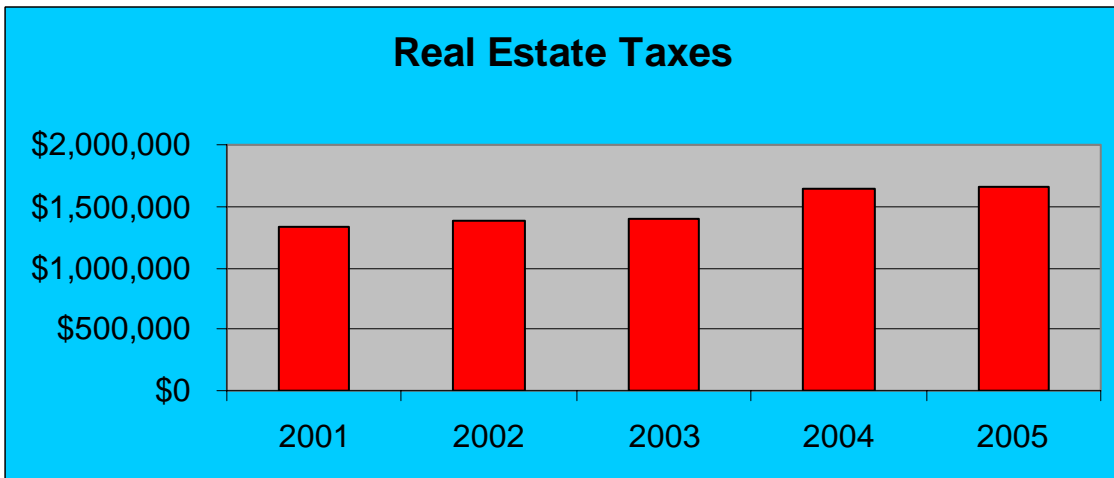
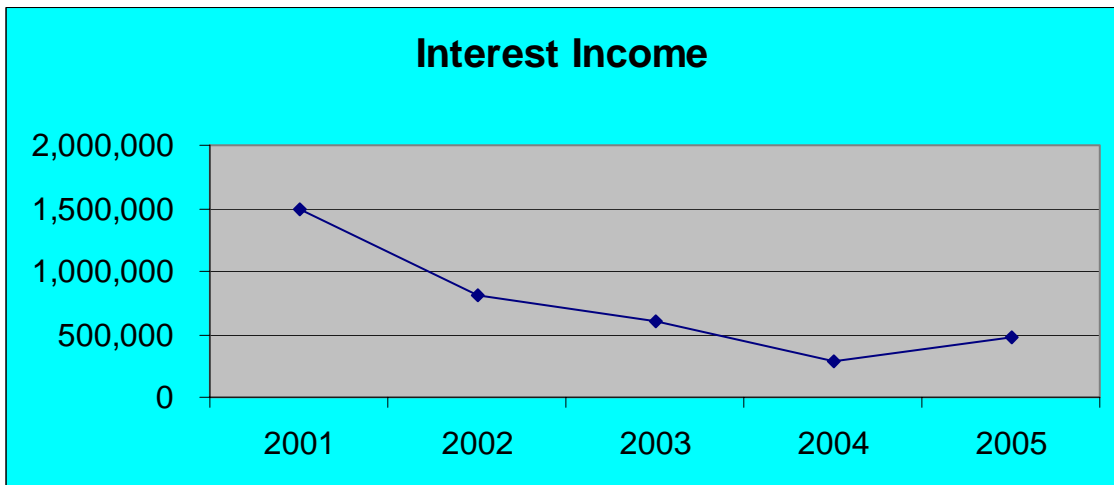
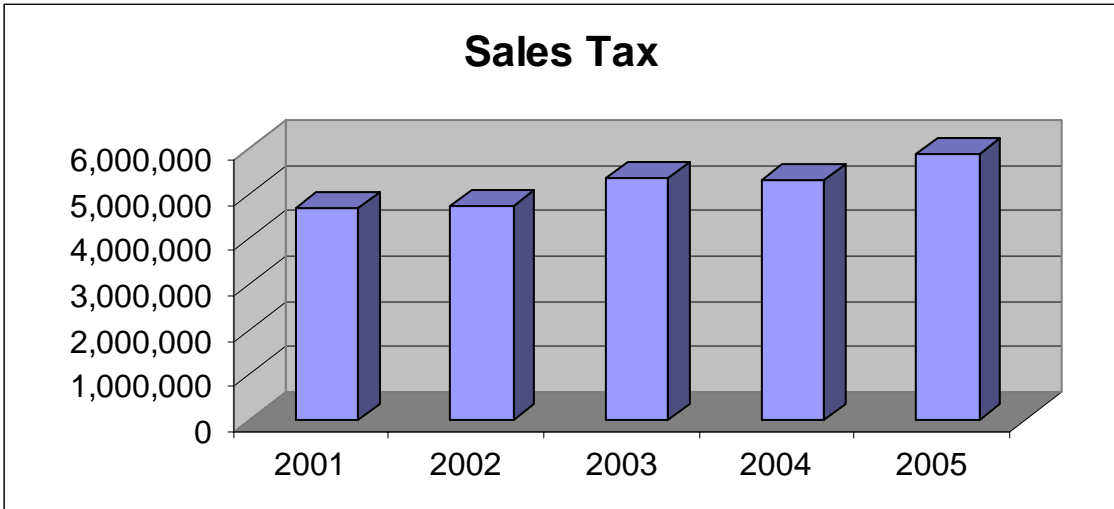
Grants to other county departments include payments made to the Regional Planning Commission, Regional Transit Authority, and Board of Health, veteran services, Airport Authority, Court of Appeals, Crime Victim Services, agricultural-related organizations and others to assist in the funding of their operations. Expenditures for these accounts have increased just under 3%.

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.

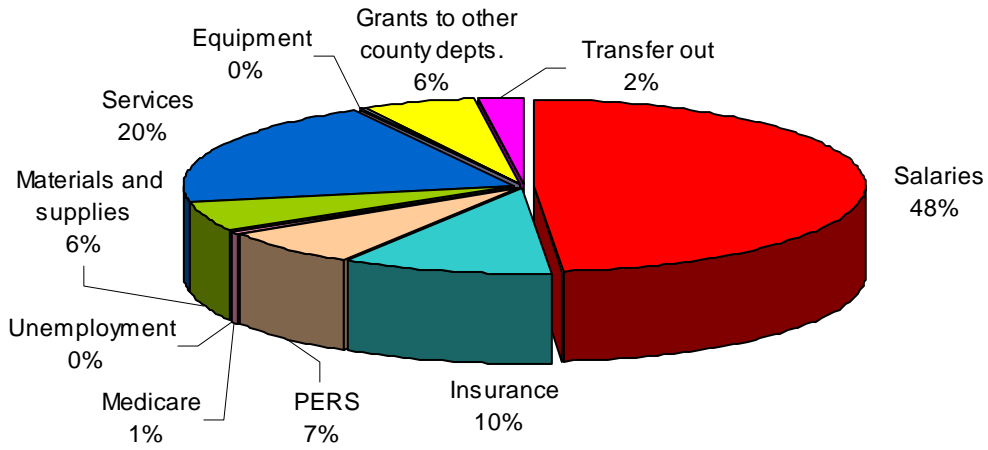
Graphs

The graphs below depict a few of the main items of the County's General Fund revenue and expenditures. All amounts are for the period of January through June.

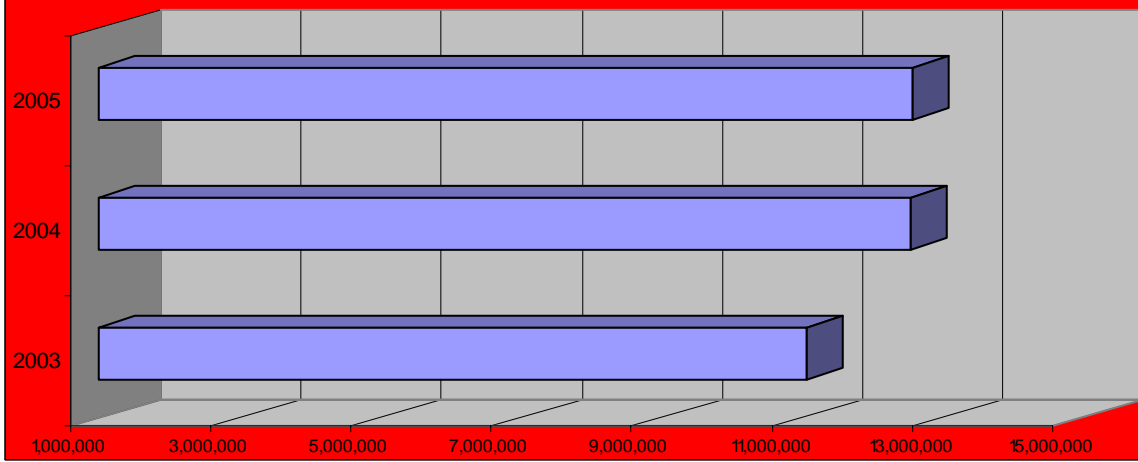




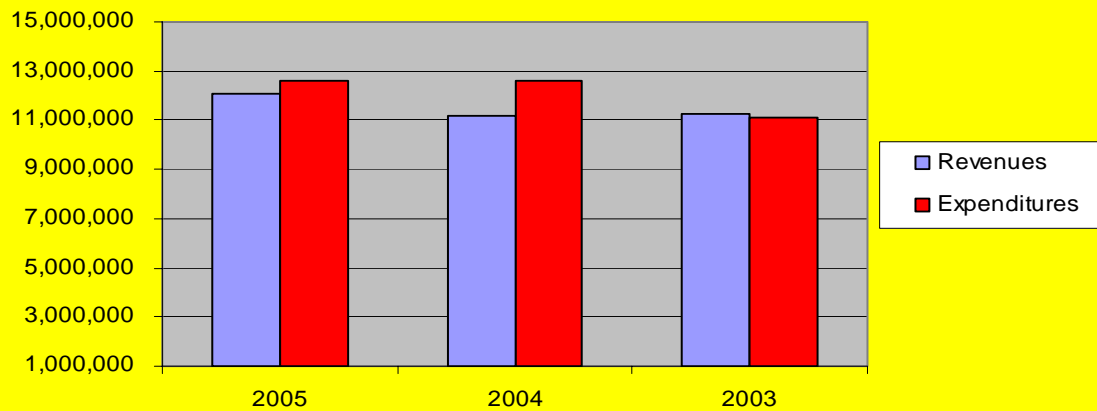
Where Your Tax Money is Spent



Total Expenditures



Revenues vs. Expenditures



Expenditures By Department
 General Fund
 For the Six Month Period Ended June 30, 2005

General Legislative & Executive	
Commissioners	\$203,493
Allen County Law Library	12,561
Auditor	331,050
Treasurer	97,958
Prosecutor	480,614
Board of Revision	173
Bureau of Inspection	31,441
Board of Elections	245,133
Building & Grounds	1,158,562
Recorder	142,393
Taxes & Special Assessments	27,855
Fringe Benefits (All General Fund Employees)	1,307,922
Insurance	537,740
Transfers	127,583
Advance	300,000
Total General Legislative & Executive	<u>5,004,478</u>
Judicial	
Court of Appeals	31,326
Common Pleas Court	185,811
Domestic Relations Court	89,015
Juvenile Court	1,394,832
Probate Court	154,952
Clerk of Courts	236,210
Municipal Court	116,056
Indigent Defense Attorney Fees	413,207
Total Judicial	<u>2,621,409</u>
Public Safety	
Regional Planning Grant	75,931
Coroner	59,248
Sheriff's Office	3,846,115
Total Public Safety	<u>3,981,294</u>
Public Works	
Tax Map Office	77,567
Ditches	15,480
Grants	138,750
Total Public Works	<u>231,797</u>
Health	
Children's Services Attorney	27,977
Tuberculosis Care	1,989
Grant	80,423
Total Health	<u>110,389</u>
Human Services	
Veterans Services	181,065
Job & Family Services Mandate	184,717
Total Human Services	<u>365,782</u>
Conservation & Recreation	
Agriculture	309,624
Museum	139,808
Grants	80,412
Total Conservation & Recreation	<u>529,844</u>
Total General Fund Expenditures	<u><u>\$12,844,993</u></u>