

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

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

**ALLEN COUNTY, OHIO
NINE MONTH PERIOD ENDED SEPTEMBER 30, 2005 AND 2004
FINANCIAL STATEMENTS**

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**ALLEN COUNTY AUDITOR
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November 1, 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 nine month period ended September 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 your reading.

In essence, this is the earning report for the county. We began the year with a cash balance of \$3,855,298. Our receipts and other financing sources provided cash of \$18,546,002 which is a 5% increase over 2004, primarily due to an increase in sales tax revenue and interest income. Our spending totaled \$18,369,071 which is an increase over 2004 of 3.2%. This is attributed to increases in the salary and fringe benefit accounts. We have cash remaining at the end of September in the amount of \$4,032,229. Cumulatively, we have \$530,645 less in our General Fund than we did at the same time last year.

These statements simply and objectively express the transactions that occurred in the nine months 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 Nine Month Period Ended September 30, 2005 and 2004

	2005	2004	Variance Favorable (Unfavorable)
Revenues:			
Local taxes:			
Real estate taxes	\$3,068,297	\$3,015,413	\$52,884
Personal property taxes	393,344	416,564	(23,220)
House trailer tax	13,496	13,956	(460)
Rollback reimbursement	206,720	405,187	(198,467)
County sales tax	8,776,448	8,116,890	659,558
Property transfer tax & conveyance fees	251,336	243,064	8,272
Local government fund	1,214,041	1,230,405	(16,364)
Local government assistance fund	247,809	250,522	(2,713)
Total local taxes	14,171,491	13,692,001	479,490
Other revenues:			
Fees	1,234,281	1,345,945	(111,664)
Licenses	4,023	8,834	(4,811)
Interest	841,199	554,268	286,931
Sales and rents	422,970	431,785	(8,815)
Miscellaneous and reimbursements	929,055	860,463	68,592
Courts	496,940	514,719	(17,779)
Detention Center	71,888	66,676	5,212
Federal grants	31,759	28,104	3,655
Total other revenues	4,032,115	3,810,794	221,321
Total General Fund revenue	18,203,606	17,502,795	700,811
Expenditures:			
Salaries	9,035,117	8,771,970	(263,147)
Insurance	1,897,910	1,807,939	(89,971)
Public employees retirement (PERS)	1,338,162	1,244,556	(93,606)
Medicare	98,870	91,775	(7,095)
Unemployment	1,243	3,937	2,694
Materials and supplies	1,012,624	1,008,736	(3,888)
Services	3,390,130	3,358,442	(31,688)
Equipment	39,958	45,625	5,667
Grants to other county depts.	786,874	758,959	(27,915)
Other miscellaneous	240	0	(240)
Total expenditures	17,601,128	17,091,939	(509,189)
Excess of revenues under expenditures	602,478	410,856	191,622
Other financing uses:			
Transfer in	100,000	100,000	0
Transfer out	(537,943)	(683,340)	145,397
Advance in	242,396	62,305	180,091
Advance out	(230,000)	(29,700)	(200,300)
Total other financing uses	(425,547)	(550,735)	125,188
Excess of revenues under expenditures and other financing uses	176,931	(139,879)	316,810
Beginning fund balance, January 1, 2005 and 2004	3,855,298	4,702,753	(847,455)
Ending fund balance, September 30, 2005 and 2004	4,032,229	4,562,874	(530,645)
Outstanding encumbrances	(2,025,502)	(1,585,324)	(440,178)
Unencumbered fund balance, September 30, 2005 and 2004	\$2,006,727	\$2,977,550	(\$970,823)

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 Nine Month Period Ended September 30, 2005

	Annual Budgeted Revenues	Total Receipt for 2005	Variance Over (Under)	% Received To Date
Revenues:				
Local taxes:				
Real estate taxes	\$3,050,000	\$3,068,297	\$18,297	100.60%
Personal property taxes	1,150,000	393,344	(756,656)	34.20%
House trailer tax	14,400	13,496	(904)	93.72%
Rollback reimbursement	461,725	206,720	(255,005)	44.77%
County sales taxes	10,916,762	8,776,448	(2,140,314)	80.39%
Property transfer taxes & conveyance fees	312,375	251,336	(61,039)	80.46%
Local government fund	1,480,000	1,214,041	(265,959)	82.03%
Local government assistance	300,000	247,809	(52,191)	82.60%
Total local taxes	<u>17,685,262</u>	<u>14,171,491</u>	<u>(3,513,771)</u>	<u>80.13%</u>
Other revenues:				
Fees	1,783,820	1,234,281	(549,539)	69.19%
Licenses	11,500	4,023	(7,477)	34.98%
Interest	900,000	841,199	(58,801)	93.47%
Sales and rents	791,000	422,970	(368,030)	53.47%
Miscellaneous and reimbursements	1,308,900	929,055	(379,845)	70.98%
Court revenues	689,000	496,940	(192,060)	72.12%
Detention center	80,500	71,888	(8,612)	89.30%
Federal grants	42,000	31,759	(10,241)	75.62%
Transfers in	100,000	100,000	0	100.00%
Advances in	225,000	242,396	17,396	107.73%
Total other revenues	<u>5,931,720</u>	<u>4,374,511</u>	<u>(1,557,209)</u>	<u>73.75%</u>
Total General Fund revenues	<u><u>\$23,616,982</u></u>	<u><u>\$18,546,002</u></u>	<u><u>(\$5,070,980)</u></u>	<u><u>78.53%</u></u>

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Prepared by Allen County Auditor

Allen County, Ohio
Schedule of Expenditures Compared to Appropriations-Cash Basis
General Fund
For the Nine Month Period Ended September 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	\$12,476,352	\$9,035,117	\$3,441,235	72.42%
Insurance	2,680,000	1,907,140	772,860	71.16%
Public employees retirement	1,776,971	1,338,162	438,809	75.31%
Medicare	158,354	98,870	59,484	62.44%
Unemployment	15,000	1,243	13,757	8.29%
Materials and supplies	1,613,642	1,382,623	231,019	85.68%
Services	5,271,864	4,643,265	628,599	88.08%
Capital outlay for equipment	88,298	77,045	11,253	87.26%
Grants to other county depts.	894,175	886,983	7,192	99.20%
Transfers out	874,359	793,885	80,474	90.80%
Advances out	289,000	230,000	59,000	79.58%
Other miscellaneous	240	240	0	0.00%
Total expenditures	<u>\$26,138,255</u>	<u>\$20,394,573</u>	<u>\$5,743,682</u>	<u>78.03%</u>

Appropriations include prior year carryover plus current year appropriations.
Actual expenditures also include encumbrances (commitments against appropriations).

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Prepared by Allen County Auditor

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

	<u>2005</u>	<u>2004</u>	Variance Favorable (Unfavorable)
Revenues:			
Local taxes:			
Real estate taxes	\$1,405,924	\$1,373,946	\$31,978
Personal property taxes	136,369	135,613	756
House trailer tax	4,718	5,105	(387)
Rollback reimbursement	0	202,371	(202,371)
County sales tax	2,887,421	2,816,396	71,025
Property transfer tax & conveyance fees	87,828	90,845	(3,017)
Local government fund	345,527	356,520	(10,993)
Local government assistance fund	69,574	70,335	(761)
Total local taxes	<u>4,937,361</u>	<u>5,051,131</u>	<u>(113,770)</u>
Other revenues:			
Fees	461,567	470,847	(9,280)
Licenses	1,125	2,350	(1,225)
Interest	357,854	262,921	94,933
Sales and rents	117,383	135,489	(18,106)
Miscellaneous and reimbursements	158,184	362,311	(204,127)
Courts	165,992	149,266	16,726
Detention Center	17,536	12,180	5,356
Federal grants	7,452	7,226	226
Total other revenues	<u>1,287,093</u>	<u>1,402,590</u>	<u>(115,497)</u>
Total General Fund revenue	<u>6,224,454</u>	<u>6,453,721</u>	<u>(229,267)</u>
Expenditures:			
Salaries	2,901,207	2,779,325	(121,882)
Insurance	589,989	517,674	(72,315)
Public employees retirement (PERS)	471,627	398,162	(73,465)
Medicare	32,009	29,533	(2,476)
Unemployment	804	0	(804)
Materials and supplies	309,101	328,268	19,167
Services	842,592	889,594	47,002
Equipment	14,858	14,936	78
Grants to other county depts.	88,453	80,670	(7,783)
Other miscellaneous	240	0	(240)
Total expenditures	<u>5,250,880</u>	<u>5,038,162</u>	<u>(212,718)</u>
Excess of revenues under expenditures	973,574	1,415,559	(441,985)
Other financing uses:			
Transfer out	(253,200)	(144,952)	(108,248)
Advance in	6,892	55,107	(48,215)
Advance out	(20,000)	(29,700)	9,700
Total other financing uses	<u>(266,308)</u>	<u>(119,545)</u>	<u>(146,763)</u>
Excess of revenues under expenditures and other financing uses	707,266	1,296,014	(588,748)
Beginning fund balance, July 1, 2005 and 2004	3,324,963	3,266,860	58,103
Ending fund balance, September 30, 2005 and 2004	<u>4,032,229</u>	<u>4,562,874</u>	<u>(530,645)</u>
Outstanding encumbrances	<u>(2,025,502)</u>	<u>(1,585,324)</u>	<u>(440,178)</u>
Unencumbered fund balance, September 30, 2005 and 2004	<u>\$2,006,727</u>	<u>\$2,977,550</u>	<u>(\$970,823)</u>

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Prepared by Allen County Auditor

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Nine Month Period Ended September 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 nine months which covers the period January 1, 2005 through September 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. Both tax settlements have been received by the county and we received 1.75% more in 2005 than in the preceding year. 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 \$23,220 less in 2005 than in 2004, but the majority will be received in October. 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. This tax will be reimbursed for the next five years as it is phased out. 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 Nine Month Period Ended September 30, 2005

Based upon the allocation of inside millage to pay for county debt, .75% of the inside millage will be allocated to debt funds instead of the General Fund. It will be offset by a corresponding increase in sales tax into the General Fund.

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 allocated and received in the General Fund in 2005 are 8.13% 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 \$533,009, or 4.57%. This revenue source is affected by market and non-economic conditions and is a primary indicator of business activity. The sales tax allocation has changed so that for the remainder of 2005, more sales tax will be credited into the General Fund. However, less personal property tax will be put in the General Fund.

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 3.4% this year based upon increased real estate activity.

The two local government fund revenue accounts 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 frozen at the June 2004, levels and the account will be closely monitored in the future. We have received 2.41% 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. However, now businesses can buy licenses on line which can diminish county revenues until they are paid in by the state.

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 \$286,931 which is an increase of 51.77% 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 \$68,592 which is an increase of 7.97%.

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.

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

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

Advances in are up by 180,091 because of the repayment of the health department loan.

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 3.00%.

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 4.98% 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. PERS costs are up by 7.52%.

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. These costs are up by 7.73% in 2005.

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 less than ½ of 1% from 2004.

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

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 slightly less than one percent.

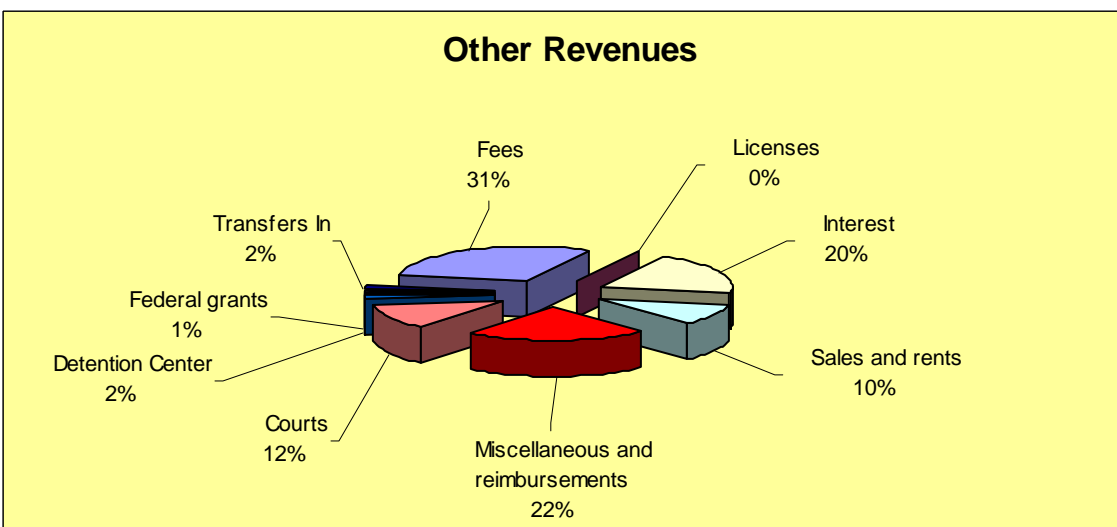
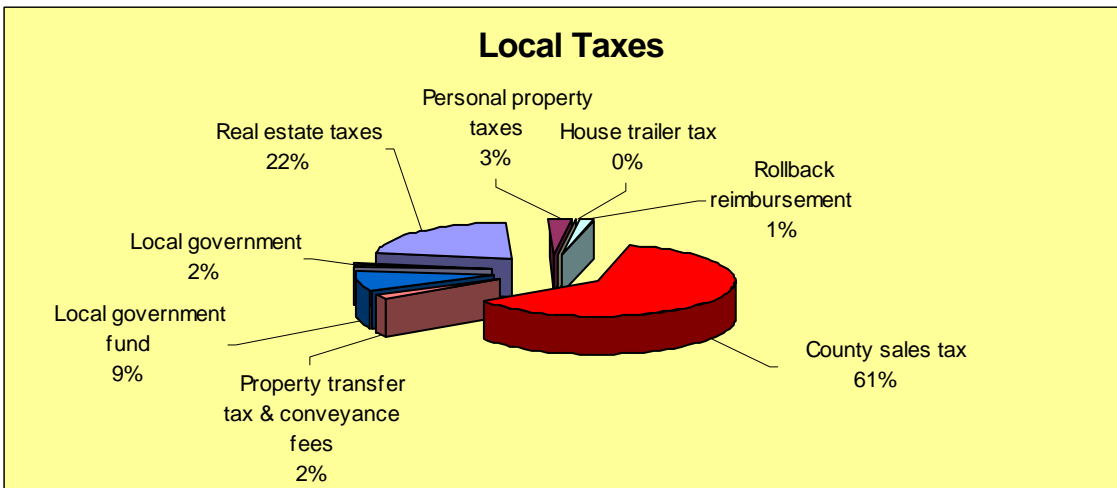
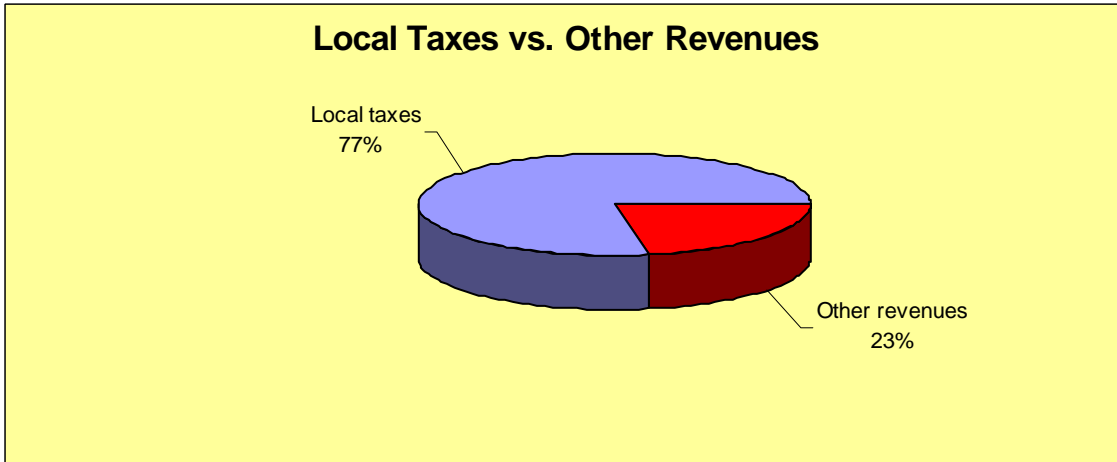
Capital outlay is used to record the purchase of equipment or other assets purchased through the General Fund. Most county purchases of general fixed assets are made from the Building and Repair Fund.

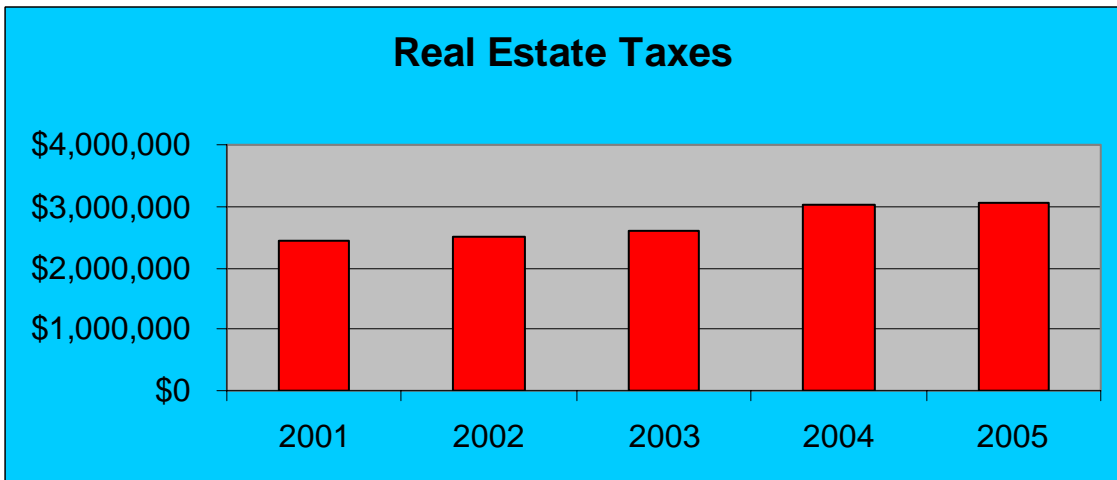
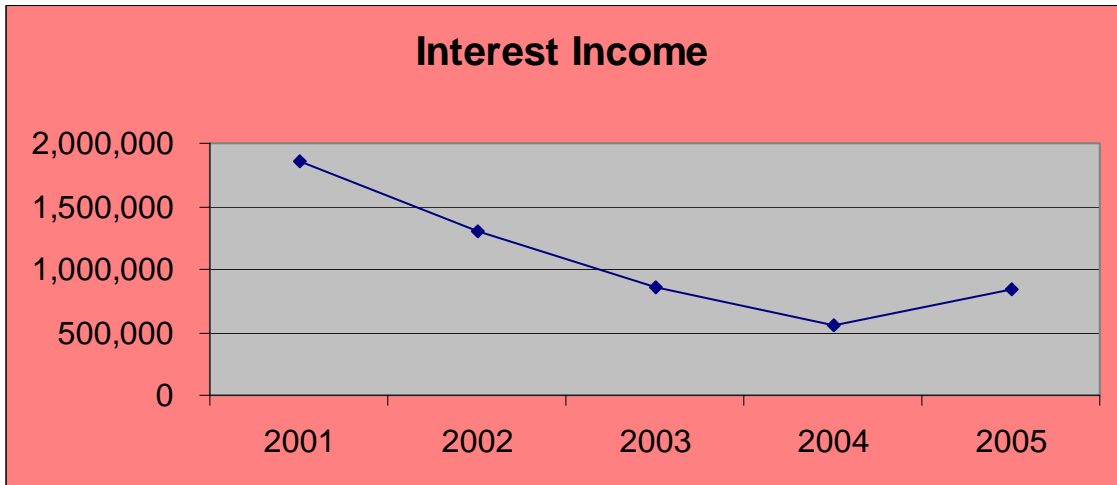
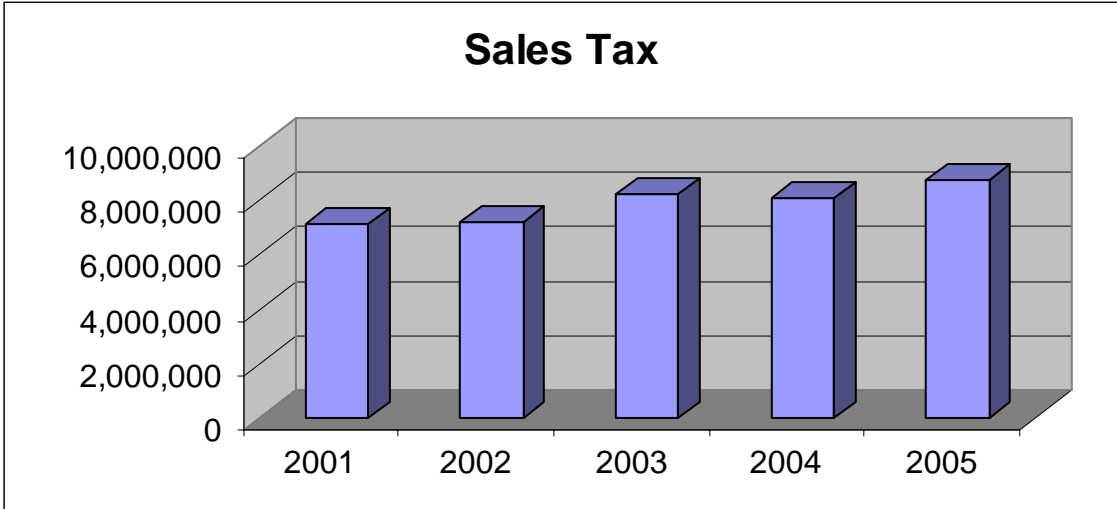
Grants to other county departments include payments made to the Regional Planning Commission, Regional Transit Authority, and Board of Health, veteran services, Airport Authority, Court of Appeals, Crime Victim Services, agricultural-related organizations and others to assist in the funding of their operations. Expenditures for these accounts have increased by 3.68%.

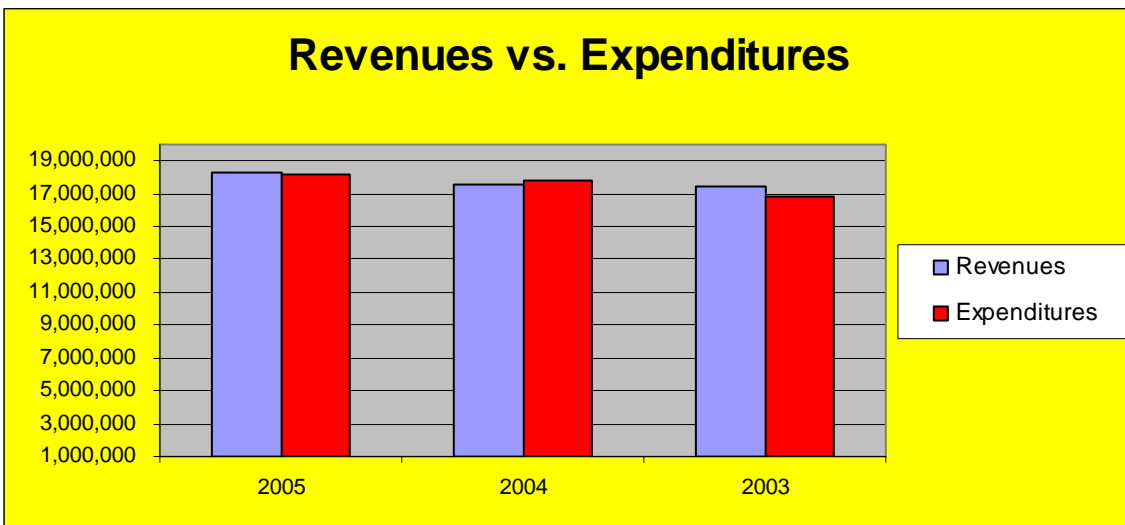
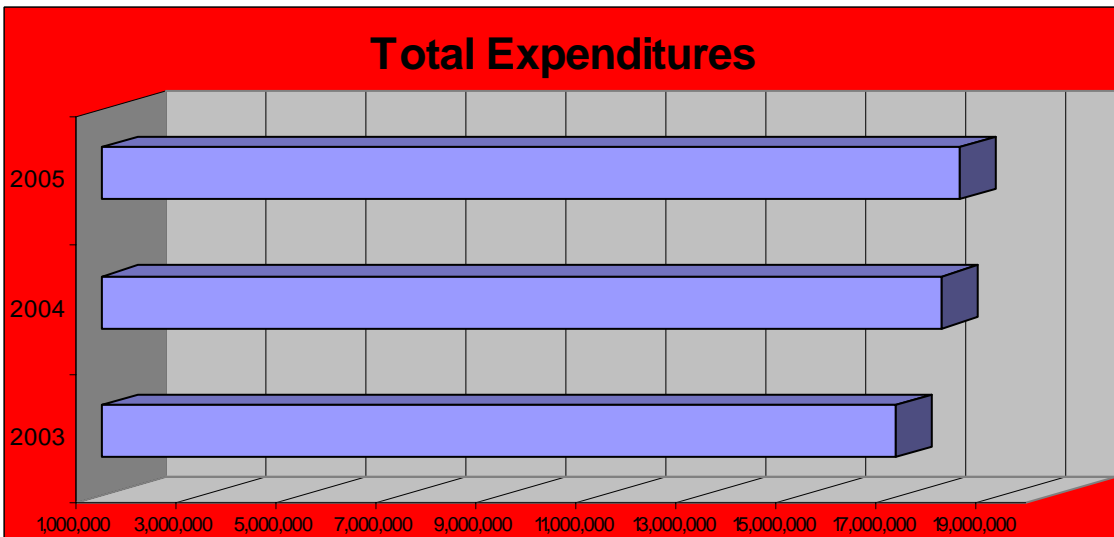
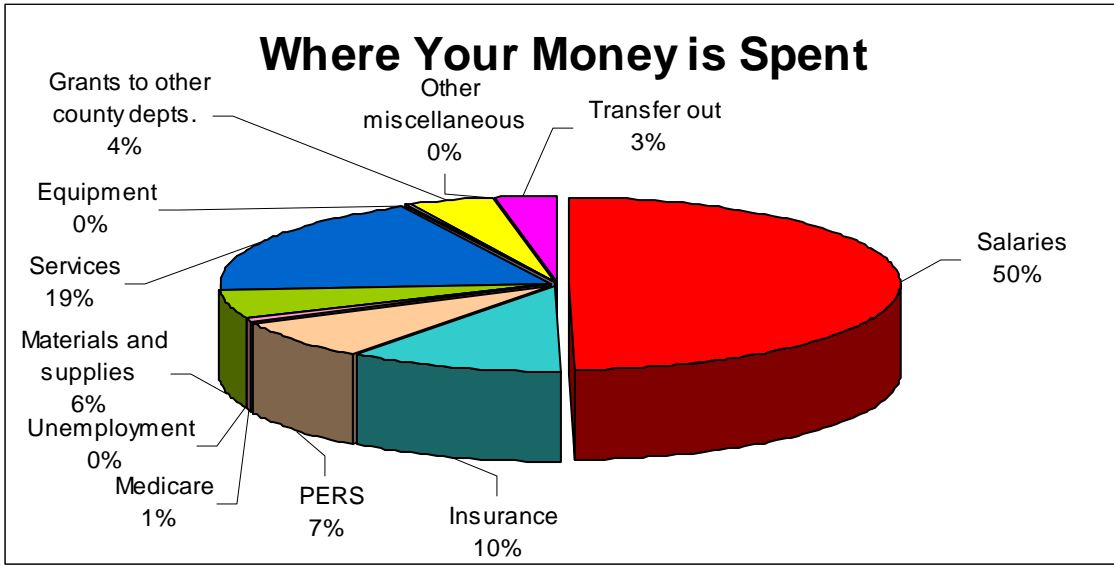
Transfers out primarily consist of the payment of the county's mandated share of public assistance to the County Department of Job and Family Services.

Graphs

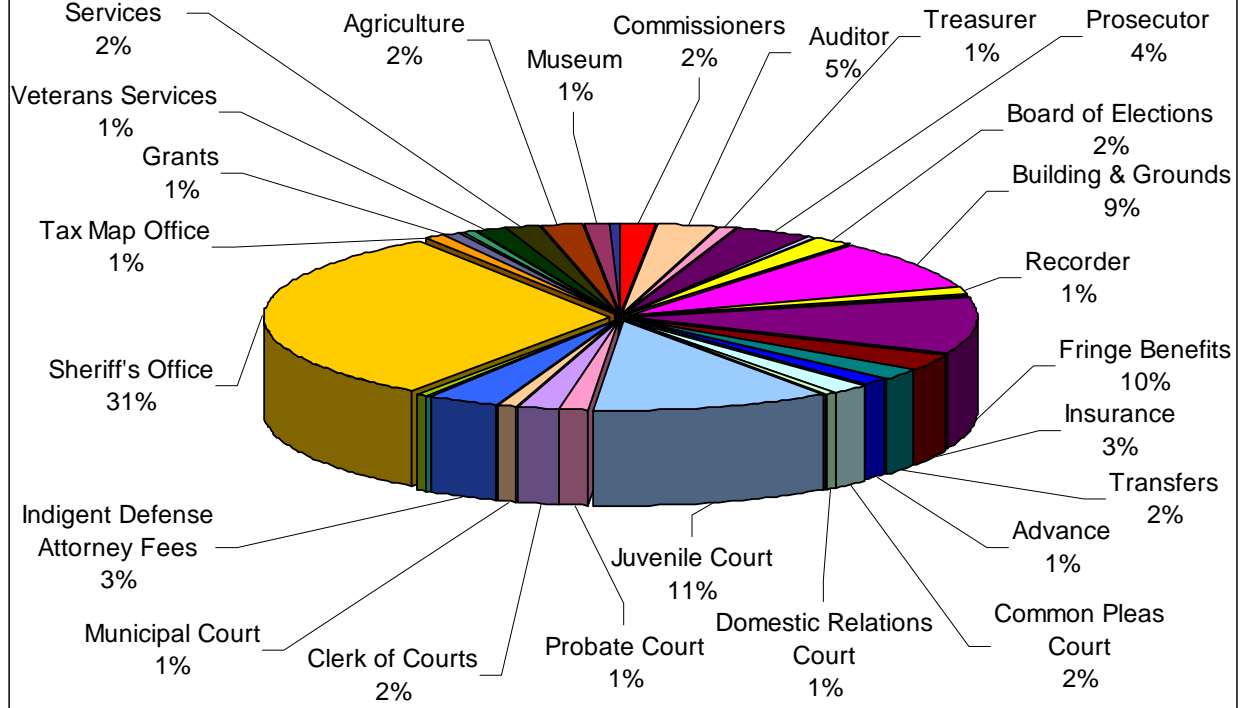
The graphs below depict a few of the main items of the County's General Fund revenue and expenditures. All amounts are for the period of January through September.







EXPENSES BY DEPARTMENT



Unlabeled wedges represent less than 1% of total expenses.

Expenditures By Department
General Fund
For the Nine Month Period Ended September 30, 2005

General Legislative & Executive	
Commissioners	\$289,961
Allen County Law Library	18,619
Auditor	498,495
Treasurer	152,566
Prosecutor	684,079
Board of Revision	173
Bureau of Inspection	59,225
Board of Elections	349,094
Building & Grounds	1,628,343
Recorder	211,303
Taxes & Special Assessments	28,095
Fringe Benefits (All General Fund Employees)	1,897,910
Insurance	540,240
Transfers	393,495
Advance	<u>220,000</u>
Total General Legislative & Executive	6,971,598
Judicial	
Court of Appeals	31,326
Common Pleas Court	275,954
Domestic Relations Court	132,919
Juvenile Court	2,038,955
Probate Court	232,608
Clerk of Courts	344,427
Municipal Court	172,757
Indigent Defense Attorney Fees	<u>603,558</u>
Total Judicial	3,832,504
Public Safety	
Regional Planning Grant	75,931
Coroner	90,108
Sheriff's Office	<u>5,729,867</u>
Total Public Safety	5,895,906
Public Works	
Tax Map Office	113,144
Ditches	15,480
Grants	<u>157,500</u>
Total Public Works	286,124
Health	
Children's Services Attorney	41,142
Tuberculosis Care	2,799
Grant	<u>89,218</u>
Total Health	133,159
Human Services	
Veterans Services	260,790
Job & Family Services Mandate	<u>325,917</u>
Total Human Services	586,707
Conservation & Recreation	
Agriculture	377,462
Museum	205,200
Grants	<u>80,411</u>
Total Conservation & Recreation	663,073
Total General Fund Expenditures	<u><u>\$18,369,071</u></u>