

**ALLEN COUNTY, OHIO
GENERAL FUND
FINANCIAL STATEMENTS FOR THE
TWELVE MONTH PERIOD ENDING
DECEMBER 31, 2005 and 2004**

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AUDITOR OF ALLEN COUNTY, OHIO

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FINANCIAL STATEMENTS
FOR THE TWELVE MONTH PERIOD
ENDED DECEMBER 31, 2005 AND 2004**

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Allen County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2005 and December 31, 2004

	<u>2005</u>	<u>2004</u>	Variance Over (Under)
Revenues:			
Local taxes:			
Real estate taxes	\$3,068,297	\$3,015,413	\$52,884
Personal property taxes	921,212	1,140,144	(218,932)
House trailer tax	13,496	13,956	(460)
Rollback reimbursement	206,720	405,187	(198,467)
County sales tax	11,643,062	10,745,704	897,358
Property transfer tax and conveyance fees	343,053	312,544	30,509
Local government fund	1,593,566	1,614,084	(20,518)
Local government assistance fund	323,999	327,546	(3,547)
Total local taxes	<u>18,113,405</u>	<u>17,574,578</u>	<u>538,827</u>
Other revenues:			
Fees	1,584,676	1,765,245	(180,569)
Licenses	4,173	10,559	(6,386)
Interest	1,181,626	818,839	362,787
Sales and rents	515,683	674,081	(158,398)
Miscellaneous and reimbursements	1,388,861	1,233,726	155,135
Courts	724,701	678,290	46,411
Detention Center	55,839	88,976	(33,137)
Federal grants	0	42,453	(42,453)
Total other revenues	<u>5,455,559</u>	<u>5,312,169</u>	<u>143,390</u>
Total General Fund revenue	<u>23,568,964</u>	<u>22,886,747</u>	<u>682,217</u>
Expenditures:			
Salaries	12,357,017	12,002,798	354,219
Insurance	2,492,603	2,349,610	142,993
Public employees retirement (PERS)	1,742,375	1,704,227	38,148
Medicare	136,891	126,624	10,267
Unemployment	3,328	3,937	(609)
Materials and supplies	1,414,751	1,461,603	(46,852)
Services	4,597,280	4,380,447	216,833
Equipment	82,395	68,146	14,249
Grants to other county depts.	906,958	849,093	57,865
Total expenditures	<u>23,733,598</u>	<u>22,946,485</u>	<u>787,113</u>
Excess of revenues over (under) expenditures	(164,634)	(59,738)	(104,896)
Other financing sources (uses):			
Sale of fixed assets	14,580	0	14,580
Transfer in	100,000	100,000	0
Transfer out	(817,268)	(912,122)	94,854
Advance in	274,415	69,105	205,310
Advance out	(230,000)	(44,700)	(185,300)
Total other financing sources (uses)	<u>(658,273)</u>	<u>(787,717)</u>	<u>129,444</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(822,907)	(847,455)	24,548
Beginning fund balance, January 1, 2005 and 2004	<u>3,855,298</u>	<u>4,702,753</u>	<u>(847,455)</u>
Ending fund balance, December 31, 2005 and 2004	<u>3,032,391</u>	<u>3,855,298</u>	<u>(822,907)</u>
Outstanding encumbrances	<u>(313,057)</u>	<u>(108,244)</u>	<u>(204,813)</u>
Unencumbered fund balance, December 31, 2005 and 2004	<u>\$2,719,334</u>	<u>\$3,747,054</u>	<u>(\$1,027,720)</u>

See accompanying notes and explanations to the year end financial reports.

This is an unaudited financial statement.

Allen County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Fund Balance
General Fund
For the Fourth Quarter Ended December 31, 2005 and December 31, 2004

	2005	2004	Variance Over (Under)
Revenues:			
Local taxes:			
Personal property taxes	\$527,868	\$723,579	(\$195,711)
County sales tax	2,866,613	2,628,814	237,799
Property transfer tax and conveyance fees	91,718	68,601	23,117
Conveyance fees	0	879	(879)
Local government fund	379,524	383,679	(4,155)
Local government assistance fund	76,190	77,024	(834)
Total local taxes	3,941,913	3,882,576	59,337
Other revenues:			
Fees	350,397	419,300	(68,903)
Licenses	150	1,725	(1,575)
Interest	340,427	264,572	75,855
Sales and rents	125,270	242,295	(117,025)
Miscellaneous and reimbursements	445,146	373,262	71,884
Courts	164,554	163,571	983
Detention Center	12,081	22,300	(10,219)
Federal grants	0	14,349	(14,349)
Total other revenues	1,438,025	1,501,374	(63,349)
Total General Fund revenue	5,379,938	5,383,950	(4,012)
Expenditures:			
Salaries	3,321,902	3,230,828	91,074
Insurance	594,692	541,671	53,021
Public employees retirement (PERS)	404,213	459,671	(55,458)
Medicare	38,021	34,848	3,173
Unemployment	2,084	0	2,084
Materials and supplies	451,651	452,867	(1,216)
Services	1,158,360	1,022,005	136,355
Equipment	42,437	22,521	19,916
Grants to other county depts.	119,084	90,134	28,950
Total expenditures	6,132,444	5,854,545	277,899
Excess of revenues under expenditures	(752,506)	(470,595)	(281,911)
Other financing sources (uses):			
Transfer out	(279,351)	(228,782)	(50,569)
Advance in	32,019	6,800	25,219
Advance out	0	(15,000)	15,000
Total other financing sources (uses)	(247,332)	(236,982)	(10,350)
Excess of revenues and other financing sources under expenditures and other financing uses	(999,838)	(707,577)	(292,261)
Beginning fund balance, October 1, 2005 and 2004	4,032,229	4,562,875	(530,646)
Ending fund balance, December 31, 2005 and 2004	3,032,391	3,855,298	(822,907)
Outstanding encumbrances	(313,057)	(108,244)	(204,813)
Unencumbered fund balance, December 31, 2005 and 2004	\$2,719,334	\$3,747,054	(\$1,027,720)

See accompanying notes and explanations to the year end financial reports.

This is an unaudited financial statement.

Allen County, Ohio
Schedule of Estimated and Actual Revenues
General Fund
Budget and Actual-Cash Basis
For the Year Ended December 31, 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	883,317	921,212	37,895	104.29%
House trailer tax	14,400	13,496	(904)	93.72%
Rollback reimbursement	206,720	206,720	0	100.00%
County sales taxes	11,643,062	11,643,062	0	100.00%
Property transfer taxes	317,375	343,053	25,678	108.09%
Local government fund	1,593,566	1,593,566	0	100.00%
Local government assistance	300,000	323,999	23,999	108.00%
Total local taxes	<u>18,008,440</u>	<u>18,113,405</u>	<u>104,965</u>	<u>100.58%</u>
Other revenues:				
Fees	1,601,819	1,584,676	(17,143)	98.93%
Licenses	11,500	4,173	(7,327)	36.29%
Interest	1,181,626	1,181,626	0	100.00%
Sales and rents	514,626	530,263	15,637	103.04%
Miscellaneous and reimbursements	1,360,273	1,388,861	28,588	102.10%
Court revenues	719,127	724,701	5,574	100.78%
Detention center	54,000	55,839	1,839	103.41%
Transfers in	100,000	100,000	0	100.00%
Advances in	274,415	274,415	0	
Total other revenues	<u>5,817,386</u>	<u>5,844,554</u>	<u>27,168</u>	<u>100.47%</u>
Total General Fund revenues	<u>\$23,825,826</u>	<u>\$23,957,959</u>	<u>\$132,133</u>	<u>100.55%</u>

See accompanying notes and explanations to year end financial reports.

This is an unaudited financial statement.

Allen County, Ohio
Schedule of Expenditures Compared to Appropriations
General Fund
Budget and Actual-Cash Basis
For the Year Ended December 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	\$12,555,427	\$12,357,017	\$198,410	98.42%
Insurance	2,680,000	2,495,438	184,562	93.11%
Public employees retirement	1,792,519	1,742,375	50,144	97.20%
Medicare	157,366	136,891	20,475	86.99%
Unemployment	15,000	3,328	11,672	22.19%
Materials and supplies	1,522,647	1,422,285	100,362	93.41%
Services	5,487,046	4,872,254	614,792	88.80%
Capital outlay for equipment	101,861	92,547	9,314	90.86%
Grants to other county depts.	917,875	908,472	9,403	98.98%
Transfers out	874,359	832,461	41,898	95.21%
Advances out	289,000	230,000	59,000	79.58%
Total expenditures	<u>\$26,393,100</u>	<u>\$25,093,068</u>	<u>\$1,300,032</u>	<u>95.07%</u>

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

This is an unaudited financial statement.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Year Ended December 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.

These notes are intended to provide the reader with more information than can be included on the face of the financial statements. They explain the accounting treatment used in the preparation of the statements. They also compare the plans of the offices (appropriations) with actual results and show where the county has spent the resources provided by the taxpayers.

The *Statement of Cash Receipts, Disbursements and Changes in Fund Balance* shows the actual cash receipts and expenditures for the twelve month period which covers the period January 1, 2005 through December 31, 2005. This statement shows a comparison of receipts and expenditures for those two periods. Comparative financial statements provide more information for management to make decisions and give the readers a better understanding of how we contrast with last year and previous years.

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. These budget estimates have been revised throughout the year in accordance with accounting and legal requirements.

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 throughout the year and near year end to comply with financial reporting and legal requirements. A description of the major revenue accounts and explanations for 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 July. Both settlements have been received and the county collected 1.75% more in 2005 than in 2004. The county receives 2.40 inside mills.

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 also inventory used in manufacturing or for resale. 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

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Year Ended December 31, 2005

October settlement. Personal property is down by 19% because this tax was paid in to other funds to pay debt.

The house trailer tax is collected on trailers that are taxed like real estate. It is not a major source of revenue.

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. A timing difference caused the variance in this account which will be accounted for early in 2006.

Sales tax is derived from the 1% additional tax on sales in 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 2005 is up compared to what was received in 2004. However, in 2005, the County is allocating less sales tax revenues to other county funds than in 2004. It should be noted that gross countywide sales tax revenues went up in 2005 by \$499,243, an increase of 3.58%. A primary reason is the sales tax base has broadened to include more transactions that are subject to the sales tax. This revenue source is affected by market and non-economic conditions and is a primary indicator of business activity. This account is watched closely because of its volatility and importance to our county.

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.

Local government funds are received from the State of Ohio. This is a volatile revenue source since the state is often considers reducing it to stabilize their budget. After much contentious debate during the state budget hearings, this allocation was frozen for the next state biennium, which covers 2005-2007. This freeze was not as deep as earlier feared, but the effect was to decrease revenue in this account in 2005, by about 2%. This account will continue to be closely monitored in the future.

Fees are generated from significant 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. These are the primary fees generated.

Licenses primarily consist of revenues from the sale of cigarette and vendors licenses which are not a significant revenue source.

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 \$362,787 in 2005 which is an increase of 44% from 2004.

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. Fewer buildings were rented this past year which led to a decrease in this account.

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.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Year Ended December 31, 2005

Detention Center revenues are derived from tuition charges and housing of inmates. This account also includes Federal reimbursements from the federal National School Lunch program and is used to offset the Juvenile Detention Center food costs.

Transfers in are the same as the previous year because of a payment made by the clerk of courts.

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 (the amount available) 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 and these changes do occur. Expenditures did not exceed the appropriations.

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 have increased 2.95 percent in 2005. Salaries and fringe benefits account for about 70% of General Fund expenditures.

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. In 2005, insurance costs are up 6.1 percent as compared to 2004.

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. Medicare costs will continue to increase as current employees retire (who did not usually pay Medicare) and new employees are hired.

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. Fortunately, this has not significantly affected families or the county.

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. Spending is slightly down in this account.

Allen County, Ohio
Notes and Explanations to Quarterly Financial Reports
For the Year Ended December 31, 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. Expenditures here have increased by almost 5%.

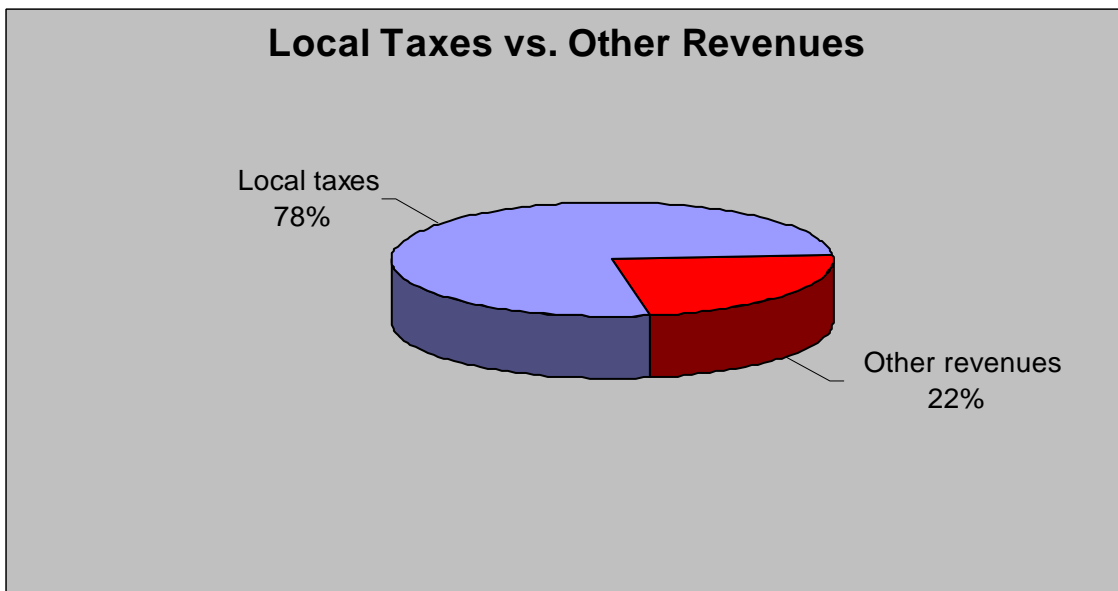
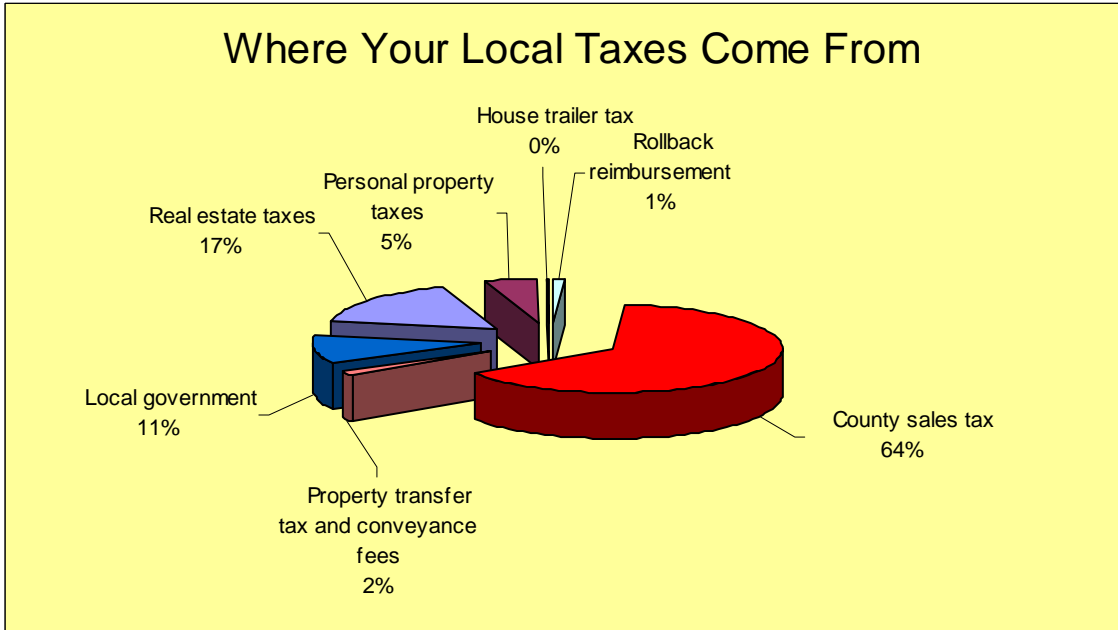
Capital outlay accounts are used to record the purchase of equipment or other assets purchased through the General Fund. Most long lived assets are purchased in other funds however.

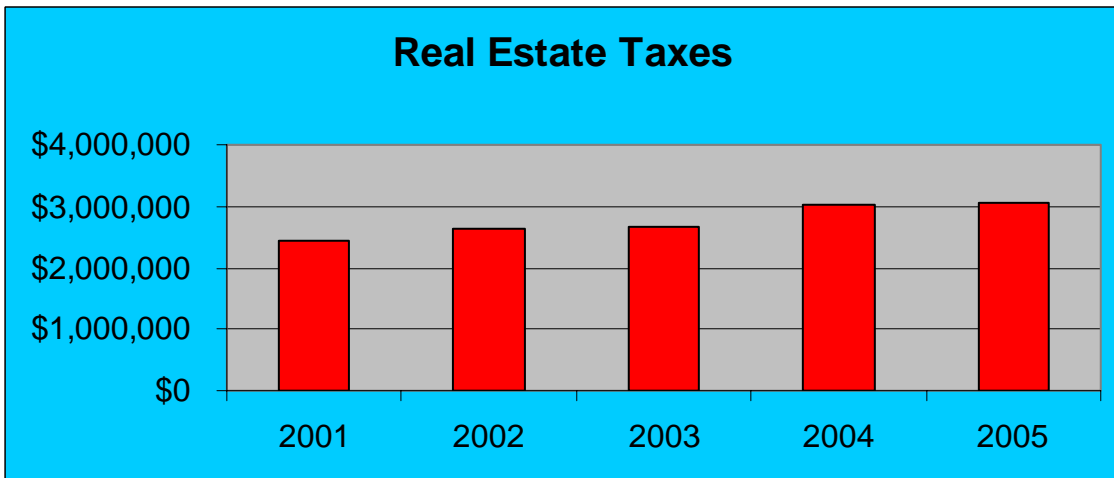
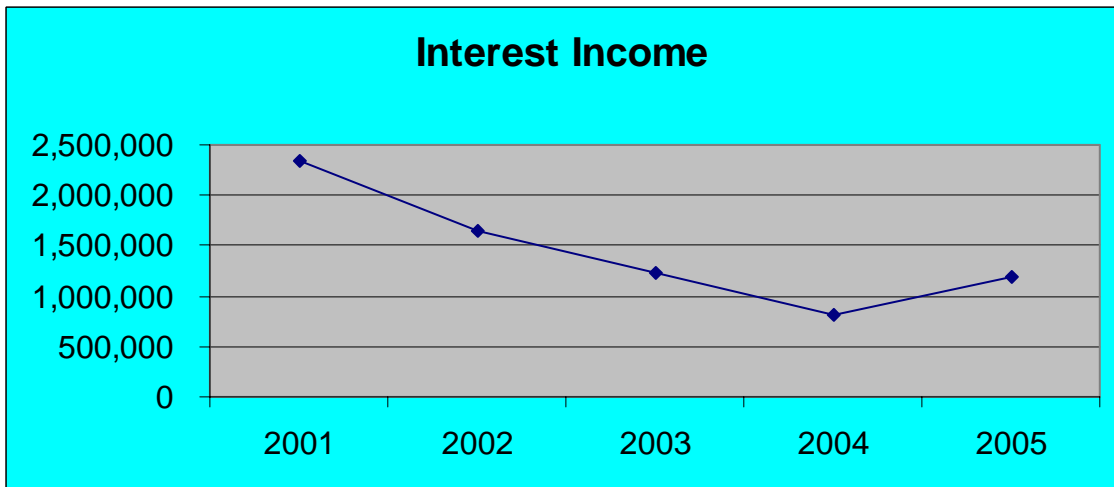
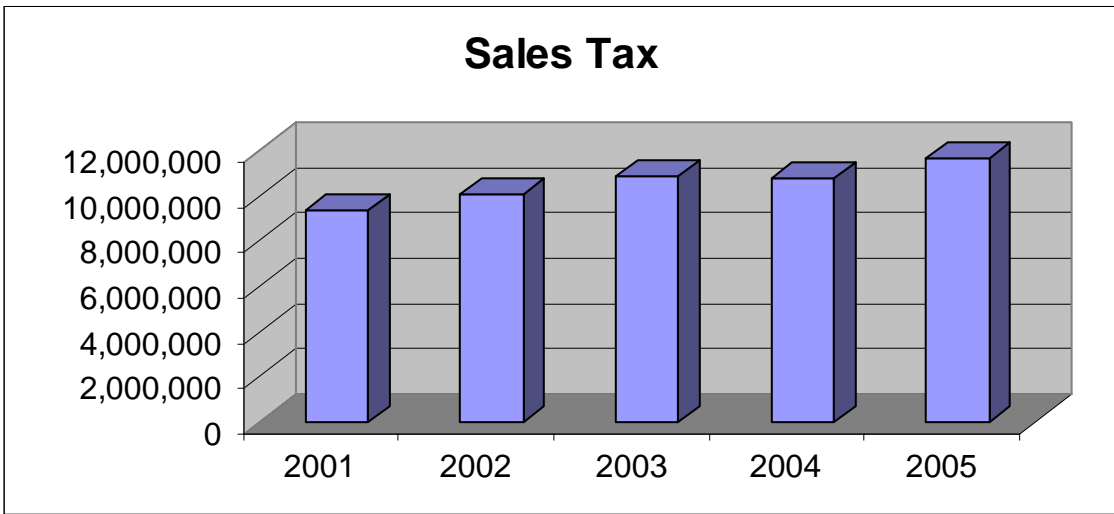
Grants to other county departments include payments made to the Regional Planning Commission, Regional Transit Authority, Board of Health, veteran services, Allen County Airport Authority and other organizations to assist in the funding of their operations. These are \$57,865 higher than in 2004.

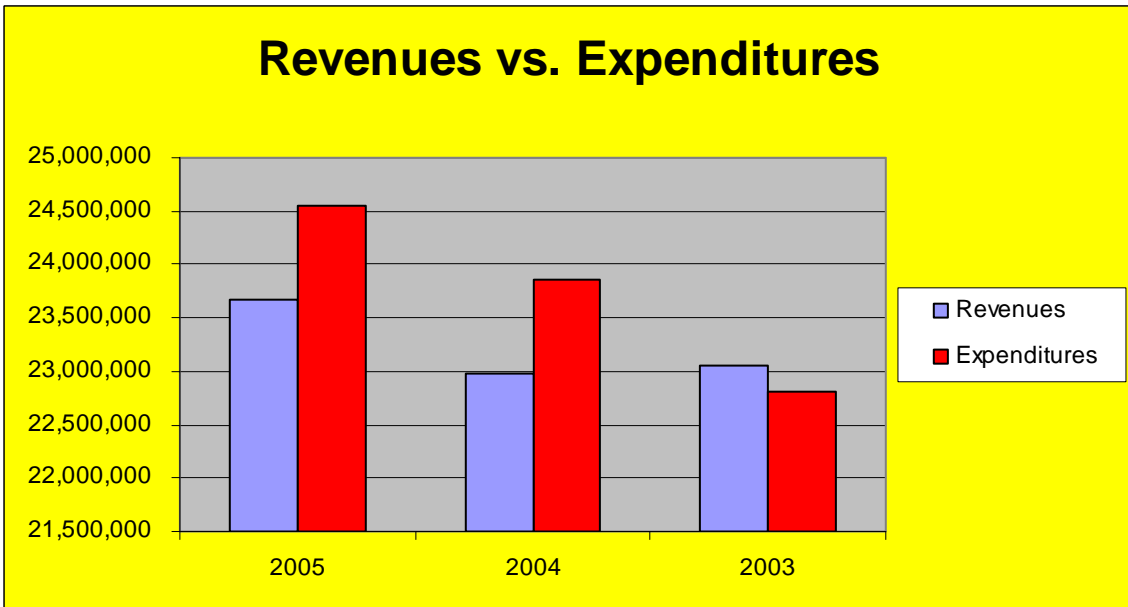
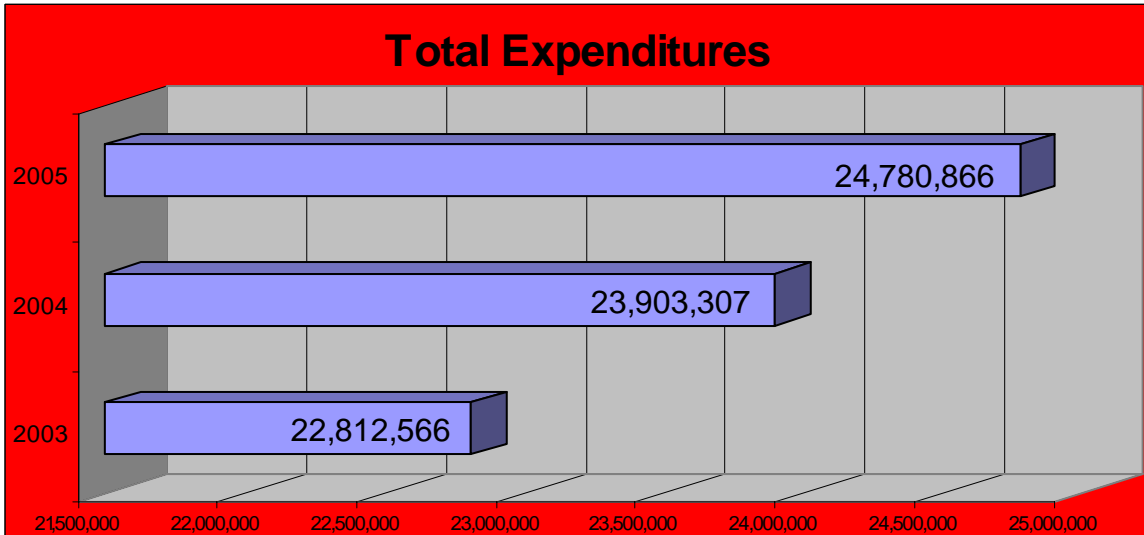
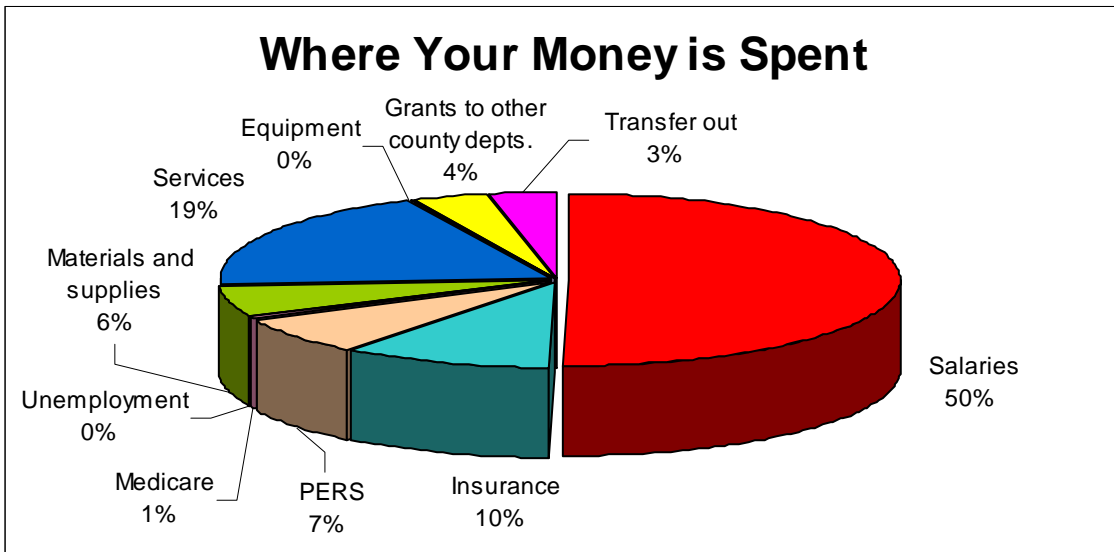
Transfers out primarily consist of the payment of the county's mandated share of public assistance to the County Department of Job and Family Services and also are used to subsidize other funds. The county's share to the Department of Job and Family Services this year totaled \$566,666.

Graphs

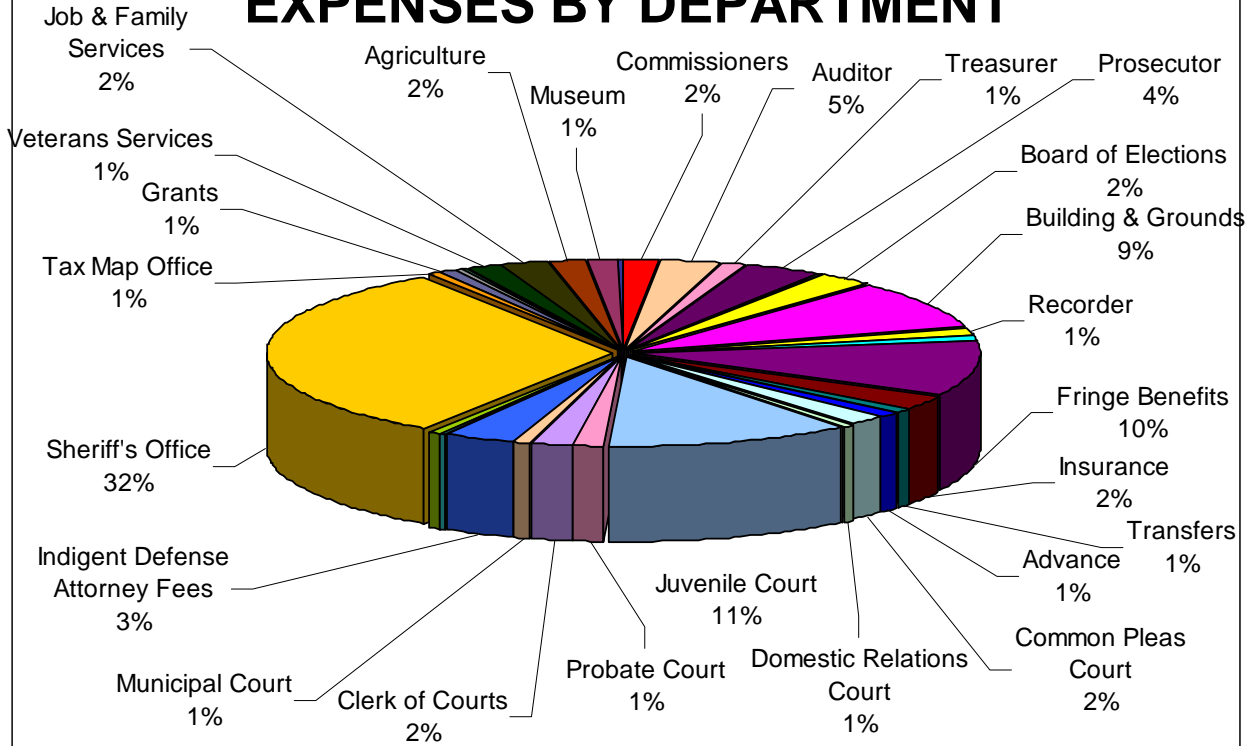
The graphs below depict a few of the main items of the County's General Fund revenue and expenditures. All amounts are for the period of January through December.







EXPENSES BY DEPARTMENT



Expenditures By Department
General Fund
For the Year Ended December 31, 2005

General Legislative & Executive	
Commissioners	\$391,200
Allen County Law Library	25,113
Auditor	714,908
Treasurer	220,057
Prosecutor	902,493
Board of Revision	173
Bureau of Inspection	76,852
Board of Elections	599,797
Building & Grounds	2,192,844
Recorder	296,153
Miscellaneous	233,693
Fringe Benefits (All General Fund Employees)	2,492,602
Insurance	581,957
Transfers	250,602
Advance	230,000
Total General Legislative & Executive	<u>9,208,444</u>
Judicial	
Court of Appeals	31,326
Common Pleas Court	372,929
Domestic Relations Court	194,166
Juvenile Court	2,795,262
Probate Court	316,942
Clerk of Courts	483,259
Municipal Court	229,728
Indigent Defense Attorney Fees	804,077
Total Judicial	<u>5,227,689</u>
Public Safety	
Regional Planning Grant	81,874
Coroner	126,964
Sheriff's Office	7,865,357
Total Public Safety	<u>8,074,195</u>
Public Works	
Tax Map Office	156,228
Ditches	5,480
Grants	176,250
Total Public Works	<u>337,958</u>
Health	
Children's Services Attorney	55,957
Tuberculosis Care	2,799
Grant	116,851
Total Health	<u>175,607</u>
Human Services	
Veterans Services	359,530
Job & Family Services Mandate	566,666
Total Human Services	<u>926,196</u>
Conservation & Recreation	
Agriculture	444,367
Museum	284,780
Grants	101,630
Total Conservation & Recreation	<u>830,777</u>
Total General Fund Expenditures	<u><u>\$24,780,866</u></u>