

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2004

ALLEN COUNTY, INDIANA



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Indiana State Board of Accounts

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Lisbeth A. Blosser	01-01-03 to 12-31-06
Treasurer	Robert W. Lee	01-01-01 to 12-31-08
Clerk	Therese M. Brown	01-01-03 to 12-31-06
Sheriff	James A. Herman	01-01-03 to 12-31-06
Recorder	Patricia J. Crick	01-01-03 to 12-31-06
President of the Board of County Commissioners	Edwin J. Rousseau Linda K. Bloom	01-01-04 to 12-31-04 01-01-05 to 12-31-05
President of the County Council	Darren E. Vogt	01-01-04 to 12-31-05



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF ALLEN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of Allen County (County), as of and for the year ended December 31, 2004, which collectively comprise the County's primary government basic financial statements. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregated discretely presented component units each major fund and the aggregate remaining fund information of the County as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedules of Funding Progress, and Budgetary Comparison Schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated August 18, 2005, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

August 18, 2005



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF ALLEN COUNTY, INDIANA

We have audited the financial statements of Allen County (County), as of and for the year ended December 31, 2004, and have issued our report thereon dated August 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 18, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of Allen's (County's) annual financial report presents a discussion and analysis of the County's financial performance during the year ended December 31, 2004. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of 2004 by \$411,679,473 (*net assets*). Of this amount, \$91,912,494 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$4,914,343 is restricted for specific purpose (*restricted net assets*), and \$314,852,636 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$45,213,005 from 2003. The net assets of the County's governmental activities increased by \$42,431,626 or 12.5%. This increase is primarily due to additional capital outlay for the new juvenile facility and increased cash and cash equivalents due to increased property tax revenue. The net assets of the County's business activities increased by \$2,781,379 or 14%. This increase is primarily due to normal retirement of long-term debt as bond maturities became due.
- At the end of 2004, unreserved fund balance for the general fund was \$7,123,496 or 10% of the 2004 general fund expenditures.
- The County's debt increased by \$1,671,774 or 2% in comparison with prior year. This increase is primarily the result of the 2004 Allen County Bridge Bonds issued to repair numerous bridges throughout the County.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

Government-wide Financial Statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public protection, public ways and facilities, health and sanitation, public assistance, and recreation. The business-type activities of the County include the Allen County War Memorial Coliseum.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. Examples are: the Allen County Juvenile Justice Center Building Corporation and the Allen County Jail Building Corporation which were established for the sole purpose of financing the new juvenile and jail facilities. The Building Corporations are part of the primary government

because the nature of the relationship to the County is significant. The Fort Wayne-Allen County Airport Authority is reported as a discretely presented component unit because it has some financial accountability to the County's Council. The Allen County Solid Waste Management District is also reported as a discretely presented component unit because the primary government appoints a voting majority of the Solid Waste Management District's board and is able to impose its will.

The government-wide financial statements can be found on pages 17 through 19 of this report.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows* of *spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. This information may be useful in evaluating a county's near-term financing requirements.

Because the focus of *governmental funds* is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This comparison will make it easier to understand the long-term impact of the county's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains approximately 200 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and the Family & Children Fund (foster care and adoption assistance). Information for the other governmental funds is combined into a single, aggregated presentation.

The governmental funds financial statements can be found on pages 20 and 21 of this report.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County used enterprise funds to account for the Allen County War Memorial Coliseum. *Internal Service funds* are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for its costs associated with health and liability/vehicle expenses. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Allen County War Memorial Coliseum is considered to be a major fund of the County and is shown separately. The County's three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary funds financial statements can be found on pages 23 through 25 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County has two types of fiduciary funds: Pension Trust and Agency funds (which are clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the private parties, organizations, or government agencies to which they belong).

The fiduciary funds financial statements can be found on pages 26 and 27 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements.

The notes can be found on pages 28 through 54 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule and Public Employees Retirement Fund pension schedules. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The Public Employees Retirement Fund pension schedules have been provided to present Allen County's progress in funding its obligation to provide pension benefits to County employees.

Required supplementary information can be found on pages 55 through 58 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may over time serve as a useful indicator of the County's financial position.

County assets exceeded liabilities by \$411,679,473 at December 31, 2004.

County's Net Assets

	Governmental		Business-type		Total		Variance %
	Activities		Activities				
	2004	2003	2004	2003	2004	2003	
Assets:							
Current and other assets	\$ 105,411,294	\$ 84,314,912	\$ 14,853,020	\$ 13,463,156	\$ 120,264,314	\$ 97,778,068	23.00%
Capital assets	372,329,775	346,761,825	54,905,795	56,040,901	427,235,570	402,802,726	6.07%
Total assets	<u>477,741,069</u>	<u>431,076,737</u>	<u>69,758,815</u>	<u>69,504,057</u>	<u>547,499,884</u>	<u>500,580,794</u>	<u>9.37%</u>
Liabilities:							
Current and other liabilities	25,208,043	26,092,698	6,831,589	7,103,820	32,039,632	33,196,518	-3.48%
Long-term liabilities	63,317,139	58,987,914	40,463,640	42,718,030	103,780,779	101,705,944	2.04%
Total liabilities	<u>88,525,182</u>	<u>85,080,612</u>	<u>47,295,229</u>	<u>49,821,850</u>	<u>135,820,411</u>	<u>134,902,462</u>	<u>0.68%</u>
Net assets:							
Invested in capital assets,							
net of related debt	302,664,871	280,773,136	12,187,765	11,276,287	314,852,636	292,049,423	7.81%
Restricted	4,914,343	6,961,979	-	-	4,914,343	6,961,979	-29.41%
Unrestricted	81,636,873	58,261,010	10,275,821	8,405,920	91,912,494	66,666,930	37.87%
Total net assets	<u>\$ 389,215,887</u>	<u>\$ 345,996,125</u>	<u>\$ 22,463,586</u>	<u>\$ 19,682,207</u>	<u>\$ 411,679,473</u>	<u>365,678,332</u>	<u>12.58%</u>

The changes in the County's net assets are summarized as follows:

- The County's current assets increased by \$22,486,246 or 23%. This increase is primarily due to increased property tax revenue.
- The County's capital assets increased by \$24,432,844 or 6.1%. This increase is primarily due to additional capital outlay for the new juvenile facility.

The composition of the County's net assets can be summarized as follows:

- A portion of the County's net assets, 22%, is *unrestricted net assets* that may be used to meet the County's ongoing obligations to citizens and creditors.
- Another 77% of the County's net assets reflect its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The remaining portion of the County's net assets, 1%, represents resources that are subject to external restrictions on how they can be used.

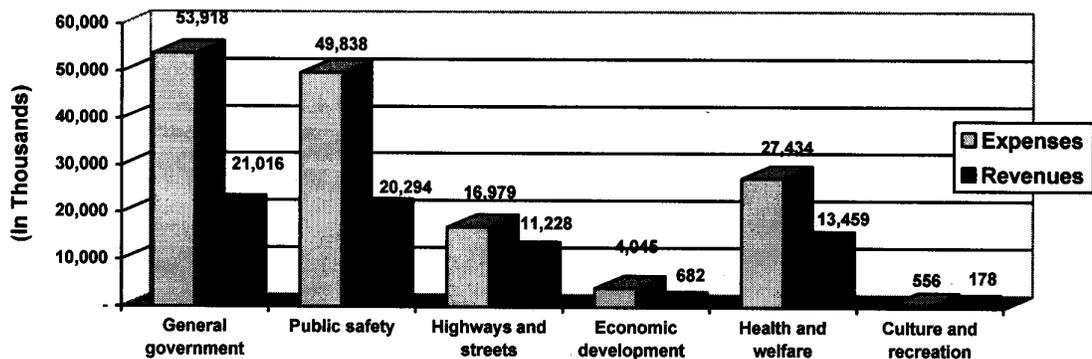
The County's increase in net assets of \$45,213,005 from 2003 is primarily due to the increase of current assets and capital outlay noted above.

Government activities. Governmental activities account for 95% of the County's net assets as of December 31, 2004.

County's Change in Net Assets

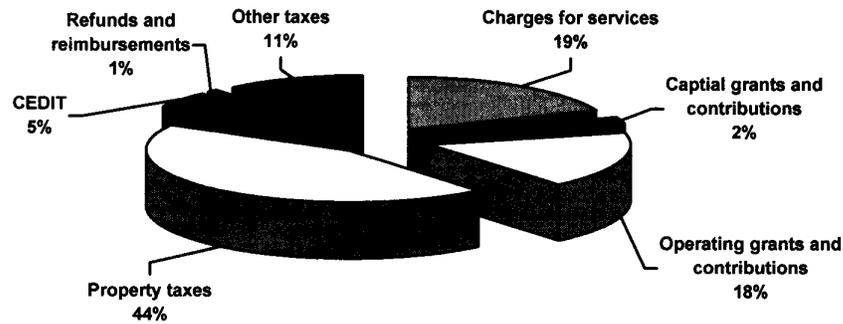
	Governmental		Business-type		Total		Variance %
	Activities		Activities				
	2004	2003	2004	2003	2004	2003	
Revenues:							
Program revenues:							
Charges for services	\$ 33,166,629	\$ 28,162,778	\$ 6,851,191	\$ 6,458,837	\$ 40,017,820	\$ 34,621,615	15.59%
Operating grants and contributions	30,548,458	25,447,775	-	-	30,548,458	25,447,775	20.04%
Capital grants and contributions	3,152,706	-	-	-	3,152,706	-	100.00%
General Revenue:							
Property taxes	76,561,936	67,756,563	-	-	76,561,936	67,756,563	13.00%
CEDIT	8,058,309	7,744,449	-	-	8,058,309	7,744,449	4.05%
Franchise taxes	591,473	624,616	-	-	591,473	624,616	-5.31%
Other taxes	16,141,304	16,396,584	-	-	16,141,304	16,396,584	-1.56%
Food and beverage taxes	-	-	5,034,278	4,731,342	5,034,278	4,731,342	6.40%
Sports and convention taxes	-	-	921,615	918,907	921,615	918,907	0.29%
Unrestricted investment earnings	2,205,725	8,868,257	116,740	117,484	2,322,465	8,985,741	-74.15%
Refunds and reimbursements	2,504,226	1,019,945	-	-	2,504,226	1,019,945	145.53%
Other	-	6,480,902	-	-	-	6,480,902	-100.00%
Total Revenues	172,930,766	162,501,869	12,923,824	12,226,570	185,854,590	174,728,439	6.37%
Expenses:							
General government	53,917,675	48,109,449	-	-	53,917,675	48,109,449	12.07%
Public safety	49,838,483	40,364,403	-	-	49,838,483	40,364,403	23.47%
Highways and streets	16,979,058	23,108,505	-	-	16,979,058	23,108,505	-26.52%
Sanitation	11,251	-	-	-	11,251	-	100.00%
Economic Development	4,045,330	7,043,548	-	-	4,045,330	7,043,548	-42.57%
Health and welfare	27,433,522	34,827,457	-	-	27,433,522	34,827,457	-21.23%
Culture and recreation	555,849	721,786	-	-	555,849	721,786	-22.99%
Coliseum	-	-	10,142,445	9,679,407	10,142,445	9,679,407	4.78%
Total expenses	152,781,168	154,175,148	10,142,445	9,679,407	162,923,613	163,854,555	-0.57%
Change in net assets before							
special items	20,149,598	8,326,721	2,781,379	2,547,163	22,930,977	10,873,884	110.88%
Special items	22,282,028	(386,224)	-	193,340	22,282,028	(192,884)	-11652.04%
Change in net assets	42,431,626	7,940,497	2,781,379	2,740,503	45,213,005	10,681,000	323.30%
Net assets - beginning, as restated	346,784,261	338,055,628	19,682,207	16,941,704	366,466,468	354,997,332	3.23%
Net assets - ending	\$ 389,215,887	\$ 345,996,125	\$ 22,463,586	\$ 19,682,207	411,679,473	365,678,332	12.58%

Expenses and Program Revenues – Governmental Activities

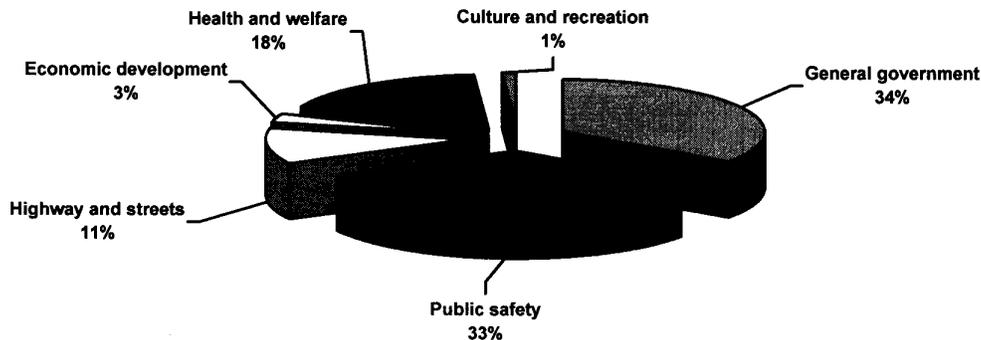


- The primary reason revenue increased is due to increased property tax revenue of \$8,805,373 or 13% from 2003. This increase in property tax revenue was to provide funding for the new juvenile facility and the addition to the jail.
- Public Safety expenses increased \$9,474,080 or 23% from 2003. The primary reason for this increase was increased expense incurred by operating the new juvenile facility and the addition to the jail.
- Highway and street expenses decreased \$6,129,447 or 26% from 2003. This decrease is primarily due to increased depreciation of infrastructure in 2003. For 2003, the County reported all of its infrastructure in the financial statements (as required by GASB Statement 34). As a result, \$282,506,654 of capital assets (net of depreciation) were depreciated during 2003 for the first time.

Revenues by Source – Governmental Activities



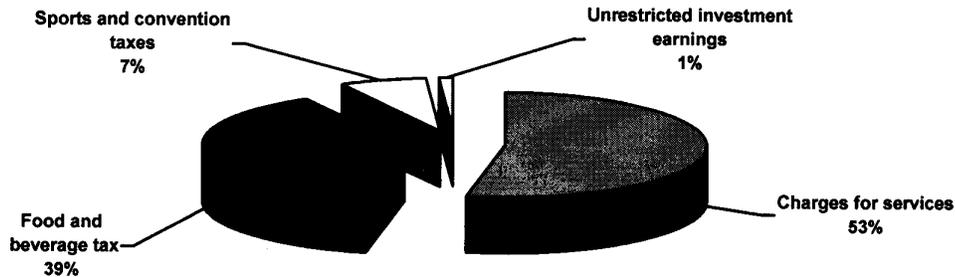
Expenses by Function/Program – Governmental Activities



Business-type activities. Business-type activities account for 5% of the County's net assets as of December 31, 2004. The Allen County War Memorial Coliseum is the only branch of County government included in

business-type activities. The Allen County War Memorial Coliseum had revenues totaling \$12,923,824 and incurred \$10,142,445 of expenses. During 2004, the total revenues included \$6,851,191 of program revenue and \$6,072,633 from the Food & Beverage Taxes, Sports & Convention Taxes, and investment earnings.

Revenues by Source – Business-type Activities



Governmental funds. The general government functions are contained in the General, special revenue, debt service, and capital project funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources (modified accrual). Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the year.

As of December 31, 2004, the County's governmental funds reported combined ending fund balances of \$74,771,101, a increase of \$28,832,265 in comparison to prior year. The increase is primarily due to the delay in property tax collections in 2003 due to a complete overhaul of Indiana Property Taxation laws. \$18,480,191 of 2003 property taxes were not distributed to the County until June of 2004. As a result of *governmental funds* reporting under the modified accrual basis of accounting, \$18,480,191 is recognized as deferred revenue in the *governmental fund* statements because those revenues were not available to the County to spend within 60 days of the end of the year.

Approximately 91% of the combined ending fund balance or \$68,324,952 constitutes *unreserved fund balance*, which is available to meet the County's current and future needs. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has been committed (1) to pay debt service of \$4,971,300, (2) to pay tax incremental financing bonds and loans of \$1,100,000, and (3) to reflect noncurrent loan receivable of \$374,849.

The General Fund is the chief operating fund of the County. At December 31, 2004, unreserved fund balance of the General Fund was 7,123,496.

The following provides an explanation of revenues by source that changed significantly from the prior year:

Revenues Classified by Source - General Fund

	2004		2003		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 67,232,614	81.25%	\$ 39,749,249	66.86%	\$ 27,483,365	69.14%
Licenses and permits	2,135,366	2.58%	2,190,424	3.68%	(55,058)	-2.51%
Intergovernmental	5,719,742	6.91%	4,306,445	7.24%	1,413,297	32.82%
Charges for services	5,342,092	6.46%	6,301,788	10.60%	(959,696)	-15.23%
Other	2,320,917	2.80%	6,907,931	11.62%	(4,587,014)	-66.40%
Total	\$ 82,750,731	100%	\$ 59,455,837	100%	\$ 23,294,894	39.18%

- The primary reason for the increase in revenue from 2003 is taxes increased by \$27,483,365 or 69%. This increase was mainly due to approximately \$11,000,000 of 2003 tax revenue being reflected in the 2004 general fund financials statements because the taxes weren't collected until June of 2004.

The following provides an explanation of expenditures by function that changed significantly over the prior year:

Expenditures by Function - General Fund

	2004		2003		Increase/(Decrease)	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General Government	\$ 36,750,101	49.92%	\$ 33,732,801	51.54%	\$ 3,017,300	8.94%
Public Safety	32,641,691	44.34%	25,707,536	39.27%	6,934,155	26.97%
Health and Welfare	3,866,260	5.25%	5,601,161	8.56%	(1,734,901)	-30.97%
Culture and Recreation	357,049	0.49%	414,314	0.63%	(57,265)	-13.82%
Total	\$ 73,615,101	100%	\$ 65,455,812	100%	\$ 8,159,289	12.47%

- General government expenses increased \$3,017,300 or 9% from 2003. The increase was due to health insurance costs paid into the Internal Service Fund from general government departments increased over \$4,000,000 from 2003.
- Public safety expenses decreased \$6,934,155 or 27% from 2003. The primary reason for this increase was the County incurred approximately \$4,000,000 to operate the new juvenile facility and jail addition.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financials statements, but in more detail.

Unrestricted net assets amounted to \$10,275,821 for the Allen County War Memorial Coliseum and \$7,814,516 for the County's Internal Service fund. Factors concerning the finances of the Allen County War Memorial Coliseum have already been addressed in the discussion of the County's business-type activities. The County's internal service fund is primarily a Health Self-Insurance fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's final budget for 2004 exceeded its original budget by approximately \$3,100,000 or 4.3%. The key elements of the difference between the original budget and final budget are listed below:

- \$1,100,000 of unanticipated property tax refunds (which will be reimbursed through tax collections).
- \$200,000 of unanticipated federal and state grants applied at different times for Sheriff programs including Community Policing, Local Law Enforcement and Community Highway Safety.

During the year General Fund revenues and expenditures were more than budgetary estimates. Actual revenues were \$21,496,914 more than estimates. As stated above, this is primarily due to the delay in 2003 property tax collections until 2004. Actual expenditures were \$3,174,713 lower than the final budgetary appropriations. The bulk of these cost savings resulted from unspent appropriations of (a) 2,157,170 in salaries and benefits due to unfilled new positions and high turnover rates county-wide, (b) \$68,546 in supplies, and (c) \$716,476 in services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2004 was 427,235,570 (net of accumulated depreciation). This investment in capital assets includes land and easements, infrastructure, construction in progress, buildings and improvements, equipment, and net investment in joint venture. The total increase in the County's investment in capital assets for the year was 6% (7.4% increase for governmental activities and 2% decrease for business-type activities).

County's Capital Assets (net of depreciation)

	Governmental		Business-type		Total		% Variance
	Activities		Activities				
	2004	2003	2004	2003	2004	2003	
Land and easements	\$ 9,287,768	\$ 9,206,441	\$ 380,487	\$ 380,487	\$ 9,668,255	\$ 9,586,928	1%
Construction in progress	44,943,484	61,037,925	-	35,917,785	44,943,484	96,955,710	-54%
Buildings and improvements	53,749,643	30,148,350	53,790,357	18,891,469	107,540,000	49,039,819	119%
Machinery and equipment	8,965,002	9,616,490	734,951	851,190	9,699,953	10,467,680	-7%
Infrastructure	251,019,751	232,338,710	-	-	251,019,751	232,338,710	8%
Net investment in joint venture	4,364,127	4,413,909	-	-	4,364,127	4,413,909	-1%
	\$ 372,329,775	\$ 346,761,825	\$ 54,905,795	\$ 56,040,931	\$ 427,235,570	\$ 402,802,756	6%

Major capital asset transaction/events during the current fiscal year included the following:

- Construction in progress decreased by \$52,012,226 and buildings and improvements increased by \$58,500,181, primarily due to the completion of the Allen County War Memorial Coliseum Renovations and the Juvenile Justice Center.

The County's infrastructure assets are recorded at historical costs in the government-wide financials as required by GASB Statement No. 34. The County has elected to use the depreciation method to report these assets as opposed to the modified approach.

Additional information on the County's capital assets can be found in Note IIIB on pages 37 through 39 of this report.

Long-term debt. At December 31, 2004, the County had total debt outstanding of \$111,946,388. Of this amount, \$90,322,358 comprised of first mortgage bonds, \$19,421,000 of general obligation bonds, \$1,640,000 of revenue bonds and \$563,030 of loans payable.

County's Outstanding Debt
General Obligation Bonds, First Mortgage Bonds, Revenue Bonds, and Loans Payable
(including bond discounts)

	Governmental		Business-type		Total		Variance %
	Activities		Activities				
	2004	2003	2004	2003	2004	2003	
General Obligation Bonds	\$ 19,421,000	\$ 14,415,000	\$ -	\$ -	\$ 19,421,000	\$ 14,415,000	35%
First Mortgage Bonds	48,167,358	49,395,000	42,155,000	44,030,000	90,322,358	93,425,000	-3%
Revenue Bonds	1,640,000	1,700,000	-	-	1,640,000	1,700,000	-4%
Loans Payable	-	-	563,030	734,614	563,030	734,614	-23%
	<u>\$ 69,228,358</u>	<u>\$ 65,510,000</u>	<u>\$ 42,718,030</u>	<u>\$ 44,764,614</u>	<u>\$ 111,946,388</u>	<u>\$ 110,274,614</u>	<u>2%</u>

During 2004, the County's total debt increased by \$1,671,774 or 2%. The increase is primarily due to issuance of the 2004 Allen County Bridge Bonds, which had an outstanding balance of \$9,545,000 at December 31, 2004. The increase is largely offset by the normal retirement of other outstanding debt. The County maintains an Aa- from Moody's Investors Service for its first mortgage bonds. Indiana Code 36-1-15 limits certain County debt to 2% of a third of the County's Net Assessed Value for the current assessment year. For 2004 the borrowing limit is \$92,886,231. The amount of debt subject to the debt service limit is approximately \$21,624,000.

Additional information on the County's long-term debt can be found in Note III F on pages 41 through 45 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The County is located in northeastern Indiana, approximately 125 miles northeast of Indianapolis. The County is the largest county in the State of Indiana in terms of area. The City of Fort Wayne is the second largest city in the state, 85th largest in the nation, and serves as the economic hub for the area. The west central part of the County is dominated by the City of Fort Wayne with about 2/3 of the County's population. The eastern half of the county is largely agricultural with several small towns.
- General Motors located a modern light truck assembly plant in the southwestern part of the County in the mid-1980s that generates significant economic advantages. As with many mid-west communities that have a traditional manufacturing base, there has been a steady movement towards more service and retail related jobs. Almost two-thirds of the areas jobs are evenly distributed between the manufacturing, service and retail sectors. The remaining one-third comes from the construction, finance and government sectors. Job growth has been primarily from expansion of existing businesses.
- During 2004, unemployment in the County averaged 5.1%, and at year end, it decreased to 4.8%. Similarly unemployment in the Fort Wayne Metropolitan statistical area (Adams, Allen, Dekalb, Huntington, Wells, and Whitley counties) also averaged 5.1%, after peaking at 5.8% in February. According to the Indiana Business Review, the forecast for the Fort Wayne Metropolitan area in 2005 is an increase of 2,500 jobs, a modest growth rate of just under 1%, after an increase of 2,475 jobs in 2004.
- The ten largest employers in Allen County make up only 13.1% of the total employment so the County is not entirely reliant on only a few major employers.
- On the same note, the top ten taxpayers in Allen County provide only 6.6% of the property tax revenue so the County is not entirely reliant on only a few property owners.
- The County Building Department issued 1,799 building permits in 2004, which is a decrease of 8.8% of the 1,972 permits issued in 2003.

- Assessed value decreased by 2.0% compared to 2003. This slight decrease was anticipated as new laws excluding business inventory from taxation came into effect for 2004. We anticipate assessed value to gradually increase indefinitely, absent any legislative changes to property assessment rules.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all of those with an interest in the County's finances (including the County's taxpayers, citizens, investors, creditors, and customers). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Allen County Auditor, 1 East Main Street, Room 102, Fort Wayne, Indiana 46802-1887.

ALLEN COUNTY
STATEMENT OF NET ASSETS
December 31, 2004

<u>Assets</u>	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 92,101,522	\$ 990,794	\$ 93,092,316	\$ 6,236,323
Investments	-	-	-	11,300,000
Receivables (net of allowances for uncollectibles):				
Interest	253,427	2,048	255,475	-
Taxes	5,617,251	-	5,617,251	29,473
Accounts	1,394,977	305,965	1,700,942	174,622
Special assessments	78,828	-	78,828	-
Intergovernmental	3,153,601	-	3,153,601	-
Suite	-	580,000	580,000	-
Loans	239,737	-	239,737	-
Unbilled revenue	-	-	-	478,609
Other	-	-	-	516,534
Net pension assets	1,283,312	-	1,283,312	180,016
Inventories	898,900	-	898,900	-
Prepaid expense	199,248	175,880	375,128	545,183
Deferred debits	190,491	-	190,491	563,414
Restricted assets:				
Cash and cash equivalents	-	9,556,615	9,556,615	4,207,551
Cash with fiscal agent	-	175,687	175,687	-
Investments	-	-	-	2,100,000
Taxes receivable	-	997,569	997,569	5,066
Interest receivable	-	8,462	8,462	-
Suite receivable	-	2,060,000	2,060,000	-
Passenger facility charge receivable	-	-	-	114,035
Federal and state grants receivable	-	-	-	323,392
Loan receivable	-	-	-	803,864
Other receivables	-	-	-	5,529
Capital assets:				
Land, improvements and construction in progress	54,231,252	380,487	54,611,739	18,388,522
Other capital assets, net of depreciation	318,098,523	54,525,308	372,623,831	89,019,725
Total assets	477,741,069	69,758,815	547,499,884	134,991,858

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF NET ASSETS
December 31, 2004
(Continued)

<u>Liabilities</u>	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current liabilities:				
Accounts payable	11,291,980	82,380	11,374,360	844,258
Accrued payroll and withholdings payable	4,030,090	154,330	4,184,420	-
Taxes payable	-	1,644	1,644	-
Accrued liabilities	-	-	-	252,490
Accrued interest payable	506,759	12,809	519,568	-
Incurred but not reported claims	825,876	-	825,876	-
Deferred revenue	-	3,111,914	3,111,914	-
Compensated absences payable	2,249,451	43,334	2,292,785	-
Loan payable	239,737	179,390	419,127	16,600
General obligation bonds - due within one year	3,054,150	-	3,054,150	-
First mortgage bonds - due within one year	2,945,000	-	2,945,000	-
Revenue bonds - due within one year	65,000	-	65,000	-
Current liabilities payable from restricted assets:				
Accounts payable	-	-	-	191,023
Ticket office customer deposits payable	-	761,313	761,313	-
Accrued bond interest	-	409,475	409,475	608,853
First mortgage bonds - due within one year	-	2,075,000	2,075,000	-
Revenue bonds - due within one year	-	-	-	2,650,000
Noncurrent liabilities:				
General obligation bonds payable (net of discounts or premiums)	16,331,700	-	16,331,700	-
First mortgage bonds payable	45,222,358	40,080,000	85,302,358	-
Compensated absences	-	-	-	874,986
Revenue bonds payable (net of discounts or premiums)	1,539,937	-	1,539,937	37,707,966
Notes and loans payable	-	383,640	383,640	66,400
Net pension obligation	223,144	-	223,144	-
Total liabilities	88,525,182	47,295,229	135,820,411	43,212,576
<u>Net Assets</u>				
Invested in capital assets, net of related debt	302,664,871	12,187,765	314,852,636	66,967,281
Restricted for:				
Debt service	3,439,494	-	3,439,494	-
Other purposes	1,474,849	-	1,474,849	5,955,696
Unrestricted	81,636,673	10,275,821	91,912,494	18,856,305
Total net assets	\$ 389,215,887	\$ 22,463,586	\$ 411,679,473	\$ 91,779,282

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 53,917,675	\$ 19,695,008	\$ 1,320,827	\$ -	\$ (32,901,840)	\$ -	\$ (32,901,840)	\$ -
Public safety	49,838,483	11,036,002	6,105,108	3,152,706	(29,544,667)	-	(29,544,667)	-
Highways and streets	16,979,058	519,851	10,707,938	-	(5,751,269)	-	(5,751,269)	-
Sanitation	11,251	-	11,850	-	599	-	599	-
Economic development	4,045,330	-	682,020	-	(3,363,310)	-	(3,363,310)	-
Health and welfare	27,433,522	1,800,545	11,658,210	-	(13,974,767)	-	(13,974,767)	-
Culture and recreation	555,849	115,223	62,505	-	(378,121)	-	(378,121)	-
Total governmental activities	<u>152,781,168</u>	<u>33,166,629</u>	<u>30,548,458</u>	<u>3,152,706</u>	<u>(85,913,375)</u>	<u>-</u>	<u>(85,913,375)</u>	<u>-</u>
Business-type activities:								
Coliseum	10,142,445	6,851,191	-	-	-	(3,291,254)	(3,291,254)	-
Total primary government	<u>\$ 162,923,613</u>	<u>\$ 40,017,820</u>	<u>\$ 30,548,458</u>	<u>\$ 3,152,706</u>	<u>(85,913,375.00)</u>	<u>(3,291,254.00)</u>	<u>(89,204,629.00)</u>	<u>-</u>
Component units:								
Fort Wayne - Allen County Airport Authority	18,387,889	11,576,211	332,513	3,350,896	-	-	-	(3,128,269)
Allen County Solid Waste Management District	1,215,007	1,495,803	23,189	-	-	-	-	303,985
Total component units	<u>\$ 19,602,896</u>	<u>\$ 13,072,014</u>	<u>\$ 355,702</u>	<u>\$ 3,350,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,824,284)</u>
General revenues:								
Property taxes					76,561,936	-	76,561,936	4,221,616
CEDIT					8,058,309	-	8,058,309	-
Franchise taxes					591,473	-	591,473	-
Other taxes					16,141,304	-	16,141,304	-
Food and beverage taxes					-	5,034,278	5,034,278	-
Sports and convention taxes					-	921,615	921,615	-
Unrestricted investment earnings					2,205,725	116,740	2,322,465	365,368
Refunds and reimbursements					2,504,226	-	2,504,226	8,119
Change in net pension obligation					851,998	-	851,998	-
Capital contributions					21,430,030	-	21,430,030	-
Total general revenues					<u>128,345,001</u>	<u>6,072,633</u>	<u>134,417,634</u>	<u>4,595,103</u>
Change in net assets					<u>42,431,626</u>	<u>2,781,379</u>	<u>45,213,005</u>	<u>1,770,819</u>
Net assets - beginning					345,996,125	19,682,207	365,678,332	90,008,463
Cumulative effect of reclassification (Note III. H.)					788,136	-	788,136	-
Net assets - beginning restated					<u>346,784,261</u>	<u>19,682,207</u>	<u>366,466,468</u>	<u>90,008,463</u>
Net assets - ending					<u>\$ 389,215,887</u>	<u>\$ 22,463,586</u>	<u>\$ 411,679,473</u>	<u>\$ 91,779,282</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2004

<u>Assets</u>	<u>General</u>	<u>Family and Children</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 13,910,972	\$ 1,936,734	\$ 67,405,781	\$ 83,253,487
Receivables (net of allowances for uncollectibles):				
Interest	216,967	-	34,314	251,281
Taxes	4,031,205	674,129	911,917	5,617,251
Accounts	552,263	-	812,214	1,364,477
Special assessments	-	-	78,828	78,828
Intergovernmental	1,165,920	758	1,986,923	3,153,601
Loans	-	-	239,737	239,737
Interfund receivable:				
Interfund loans	1,517,029	-	360,000	1,877,029
Interfund services provided and used	118,286	-	-	118,286
 Total assets	 <u>\$ 21,512,642</u>	 <u>\$ 2,611,621</u>	 <u>\$ 71,829,714</u>	 <u>\$ 95,953,977</u>

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 8,951,872	\$ 163,210	\$ 1,936,609	\$ 11,051,691
Accrued payroll and withholdings payable	3,021,155	-	1,008,935	4,030,090
Interfund payable:				
Interfund loans	-	-	1,877,029	1,877,029
Deferred revenue	2,416,119	674,129	894,081	3,984,329
Loans payable	-	-	239,737	239,737
 Total liabilities	 <u>14,389,146</u>	 <u>837,339</u>	 <u>5,956,391</u>	 <u>21,182,876</u>

Fund balances:

 Reserved for:

Tax incremental financing bonds and loans	-	-	1,100,000	1,100,000
Debt service	-	-	4,971,300	4,971,300
Noncurrent loan receivable	-	-	374,849	374,849

 Unreserved, reported in:

General fund	7,123,496	-	-	7,123,496
Special revenue funds	-	1,774,282	31,216,862	32,991,144
Capital projects funds	-	-	28,210,312	28,210,312

Total fund balances	<u>7,123,496</u>	<u>1,774,282</u>	<u>65,873,323</u>	74,771,101
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Total liabilities and fund balances	<u>\$ 21,512,642</u>	<u>\$ 2,611,621</u>	<u>\$ 71,829,714</u>	
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	372,329,775
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,154,682
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	7,814,516
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(71,914,355)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	<u>1,060,168</u>

Net assets of governmental activities	<u>\$ 389,215,887</u>
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The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2004

	General	Family and Children	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 67,232,614	\$ 15,688,526	\$ 32,126,119	\$ 115,047,259
Special assessments	-	-	660,345	660,345
Licenses and permits	2,135,366	-	1,250,489	3,385,855
Intergovernmental	5,719,742	7,735,596	20,291,554	33,746,892
Charges for services	5,342,092	-	9,958,710	15,300,802
Other	2,320,917	-	2,155,309	4,476,226
	<u>82,750,731</u>	<u>23,424,122</u>	<u>66,442,526</u>	<u>172,617,379</u>
Total revenues				
Expenditures:				
Current:				
General government	36,750,101	-	4,059,354	40,809,455
Public safety	32,641,691	-	12,718,254	45,359,945
Highways and streets	-	-	11,765,059	11,765,059
Economic development	-	-	125,711	125,711
Health and welfare	3,866,260	19,146,341	4,228,287	27,240,888
Culture and recreation	357,049	-	154,608	511,657
Debt service:				
Principal	-	-	7,429,000	7,429,000
Interest	-	-	3,284,462	3,284,462
Capital outlay	-	-	19,194,431	19,194,431
	<u>73,615,101</u>	<u>19,146,341</u>	<u>62,959,166</u>	<u>155,720,608</u>
Total expenditures				
Excess of revenues over expenditures	<u>9,135,630</u>	<u>4,277,781</u>	<u>3,483,360</u>	<u>16,896,771</u>
Other financing sources (uses):				
Transfers in	992,391	-	4,858,839	5,851,230
Transfers out	-	-	(5,851,230)	(5,851,230)
Temporary loan proceeds	12,726,576	7,588,656	1,028,457	21,343,689
Temporary loan repayments	(12,726,576)	(7,588,656)	(1,028,457)	(21,343,689)
Bond proceeds	-	-	11,147,358	11,147,358
	<u>992,391</u>	<u>-</u>	<u>10,154,967</u>	<u>11,147,358</u>
Total other financing sources and uses				
Net change in fund balances	<u>10,128,021</u>	<u>4,277,781</u>	<u>13,638,327</u>	<u>28,044,129</u>
Fund balances - beginning	(3,004,525)	(2,503,499)	51,446,860	45,938,836
Cumulative effect of restatement (Note III. H.)	-	-	788,136	788,136
Fund balance - beginning as restated	<u>(3,004,525)</u>	<u>(2,503,499)</u>	<u>52,234,996</u>	<u>46,726,972</u>
Fund balances - ending	<u>\$ 7,123,496</u>	<u>\$ 1,774,282</u>	<u>\$ 65,873,323</u>	<u>\$ 74,771,101</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (statement of revenues, expenditures and changes in fund balances)	\$ 28,044,129
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	25,567,950
Governmental funds report the net effect of bond issue costs, discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	21,287
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(14,400,067)
Some expenses were deferred as assets in the statement of net assets and therefore were not reported in the statement of activities, but were reported as expenditures in the governmental funds.	61,477
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(3,718,358)
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	851,998
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(66,263)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities.	<u>6,069,473</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ 42,431,626</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2004

<u>Assets</u>	Business-Type Activities - Enterprise Fund	
	War Memorial Coliseum	Internal Service Fund
Current assets:		
Cash and cash equivalents	\$ 990,794	\$ 8,848,035
Interest receivable	2,048	2,146
Accounts receivable (net of allowance)	305,965	30,500
Suite receivable	580,000	-
Prepaid items	175,880	-
Total current assets	2,054,687	8,880,681
Noncurrent assets:		
Restricted cash, cash equivalents and investments	9,556,615	-
Restricted cash with fiscal agent	175,687	-
Restricted taxes receivable	997,569	-
Restricted interest receivable	8,462	-
Suite receivable	2,060,000	-
Total restricted assets	12,798,333	-
Capital assets:		
Land, improvements to land and construction in progress	380,487	-
Other capital assets (net of accumulated depreciation)	54,525,308	-
Total capital assets	54,905,795	-
Total noncurrent assets	67,704,128	-
Total assets	69,758,815	8,880,681
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	82,380	240,289
Accrued wages payable	154,330	-
Taxes payable	1,644	-
Interest payable	12,809	-
Incurred but not reported claims	-	825,876
Deferred revenue	3,111,914	-
Compensated absences payable	43,334	-
Loans payable	179,390	-
Current liabilities payable from restricted assets:		
Ticket office customer deposits payable	761,313	-
First mortgage bonds payable	2,075,000	-
Accrued interest payable	409,475	-
Total current liabilities	6,831,589	1,066,165
Noncurrent liabilities:		
First mortgage bonds payable (net of unamortized discounts)	40,080,000	-
Loans payable	383,640	-
Total noncurrent liabilities	40,463,640	-
Total liabilities	47,295,229	1,066,165
<u>Net Assets</u>		
Invested in capital assets, net of related debt	12,187,765	-
Unrestricted	10,275,821	7,814,516
Total net assets	\$ 22,463,586	\$ 7,814,516

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

	Business-Type Activities - <u>Enterprise Fund</u>	
	<u>War Memorial Coliseum</u>	<u>Internal Service Fund</u>
Operating revenues:		
Rent	\$ 1,470,455	\$ -
Concessions	1,915,010	-
Parking	1,346,896	-
Ticket office	228,253	-
Miscellaneous	238,033	48,429
Advertising	340,080	-
Arena maintenance fee	448,624	-
Suite/club seats	863,840	-
Employee/employer contributions	-	14,643,261
	<hr/>	<hr/>
Total operating revenues	6,851,191	14,691,690
Operating expenses:		
Salaries and wages	2,272,326	-
Fringe benefits	648,052	-
Materials and supplies	161,463	-
Purchased services	1,776,671	-
Utilities	696,890	-
Miscellaneous	198,408	-
Maintenance and repair	467,392	-
Insurance claims and expenses	-	8,643,981
Loss on disposal of assets	1,090	-
Depreciation	1,682,869	-
	<hr/>	<hr/>
Total operating expenses	7,905,161	8,643,981
Operating income (loss)	<hr/> (1,053,970)	<hr/> 6,047,709
Nonoperating revenues (expenses):		
Interest and investment revenue	116,740	21,764
Food and beverage taxes	5,034,278	-
Sports and convention taxes	921,615	-
Interest expense	<hr/> (2,237,284)	<hr/> -
Total nonoperating revenue	<hr/> 3,835,349	<hr/> 21,764
Change in net assets	2,781,379	6,069,473
Total net assets - beginning	<hr/> 19,682,207	<hr/> 1,745,043
Total net assets - ending	<hr/> <u>\$ 22,463,586</u>	<hr/> <u>\$ 7,814,516</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2004

	Business-Type Activities - Enterprise Fund	
	War Memorial Coliseum	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 6,589,711	\$ 14,625,636
Payments to suppliers	(3,306,855)	(8,682,874)
Payments to employees	(2,882,618)	-
Other receipts (payments)	(563,375)	38,929
	<u>(163,137)</u>	<u>5,981,691</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Temporary loan to other funds	<u>2,750,000</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	(96,903)	-
Acquisition and construction of capital assets	(451,950)	-
Principal paid on capital debt	(2,046,584)	-
Interest paid on capital debt	(2,253,083)	-
Food and beverage taxes	4,906,234	-
Sports and convention taxes	928,038	-
	<u>985,752</u>	<u>-</u>
Net cash provided by capital and related financing activities		
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	250,969	-
Interest received	111,150	20,679
	<u>362,119</u>	<u>20,679</u>
Net cash provided by investing activities		
Net increase in cash and cash equivalents	3,934,734	6,002,370
Cash and cash equivalents, January 1	<u>6,612,675</u>	<u>2,845,665</u>
Cash and cash equivalents, December 31	<u>\$ 10,547,409</u>	<u>\$ 8,848,035</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	<u>\$ (1,053,970)</u>	<u>\$ 6,047,709</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	1,682,869	-
Loss on disposal of assets	1,090	-
(Increase) decrease in assets:		
Accounts receivable	(331,132)	(27,125)
Prepaid items	2,244	-
Increase (decrease) in liabilities:		
Customer deposits	(561,621)	-
Accounts payable	(8,275)	60,203
Taxes payable	(1,754)	-
Accrued wages	36,289	-
Compensated absence payable	1,471	-
Incurred but not reported claims	-	(99,096)
Deferred revenue	69,652	-
	<u>890,833</u>	<u>(66,018)</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>\$ (163,137)</u>	<u>\$ 5,981,691</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2004

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ -	\$ 15,051,376
Receivables:		
Taxes	-	26,729,584
Interest and dividends	102,458	-
Accounts	-	111,959
Intergovernmental	-	18,254
Loan	-	3,039
Total receivables	<u>102,458</u>	<u>26,862,836</u>
Investments at fair value:		
U.S. Government securities	1,843,325	-
Shares of unit investment trusts	<u>24,597,367</u>	-
Total investments	<u>26,440,692</u>	-
Total assets	<u>26,543,150</u>	<u>\$ 41,914,212</u>
 <u>Liabilities</u>		
Payroll withholdings payable	-	\$ 1,149,864
Interfund payable	-	118,286
Interest payable	-	1,129
Trust payable	-	40,483,614
Intergovernmental payable	-	161,319
Total liabilities	-	<u>\$ 41,914,212</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>26,543,150</u>	
Total net assets	<u>\$ 26,543,150</u>	

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 800,000
Plan members	<u>115,646</u>
Total contributions	<u>915,646</u>
Investment income:	
Net decrease in fair value of investments	(208,424)
Interest	<u>1,860,269</u>
Net investment income	<u>1,651,845</u>
Total additions	<u>2,567,491</u>
 <u>Deductions</u>	
Benefits	813,460
Administrative expense	<u>92,329</u>
Total deductions	<u>905,789</u>
Changes in net assets	1,661,702
Net assets - beginning	<u>24,881,448</u>
Net assets - ending	<u>\$ 26,543,150</u>

The notes to the financial statements are an integral part of this statement.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

Allen County (primary government) was established under the laws of the State of Indiana. The primary government operates under a council-commissioner form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the activities of the primary government and its significant component units. The component units discussed below are included in the primary government's reporting entity because of the significance of their operational or financial relationships with the primary government. Blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from these units is combined with data of the primary government. Discretely presented component units are involved in activities of an operational nature independent from the government; their transactions are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended Component Units

The Allen County Jail Building Corporation is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Jail Building Corporation's board and a financial benefit/burden relationship exists between the primary government and the Jail Building Corporation. Although it is legally separate from the primary government, the Allen County Jail Building Corporation is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government.

The Allen County Juvenile Justice Center Building Corporation is a significant blended component unit of the primary government. The primary government appoints a voting majority of the Juvenile Justice Center Building Corporation's board and a financial benefit/burden relationship exists between the primary government and the Juvenile Justice Center Building Corporation. Although it is legally separate from the primary government, the Allen County Juvenile Justice Center Building Corporation is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government.

The Allen County War Memorial Coliseum Building Corporation is a significant blended component unit of the primary government. The primary government appoints a voting majority of the War Memorial Coliseum Building Corporation's board and a financial benefit/burden relationship exists between the primary government and the War Memorial Coliseum Building Corporation. Although it is legally separate from the primary government, the Allen County War Memorial Coliseum Building Corporation is reported as if it were a part of the primary government because it provides services entirely or almost entirely to the primary government.

Discretely Presented Component Units

The Fort Wayne – Allen County Airport Authority is a significant discretely presented component unit of the primary government. It would be misleading to exclude the Fort Wayne – Allen County Airport Authority from the primary government's financial statements because of its relationship with the primary government.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Allen County Solid Waste Management District is a significant discretely presented component unit of the primary government. The primary government appoints a voting majority of the Solid Waste Management District's board and is able to impose its will.

The financial statements of the individual component units may be obtained from their respective offices as follows:

Allen County Jail Building Corporation
c/o National City Bank of Indiana Corporate Trust Department
101 W. Washington St., Suite 665 S.
Indianapolis, IN 46255

Allen County Juvenile Justice Center Building Corporation
c/o Wells Fargo Bank Corporate Trust Department
111 E. Wayne Street
Fort Wayne, IN 46801

Allen County War Memorial Coliseum Building Corporation
c/o Wells Fargo Bank Corporate Trust Department
111 E. Wayne Street
Fort Wayne, IN 46801

Fort Wayne – Allen County Airport Authority
Lt. Paul Baer Terminal
Suite 209
Fort Wayne, IN 46809

Allen County Solid Waste Management District
One Main Street, Rm B86
Fort Wayne, IN 46802

Joint Venture

The primary government is a participant in a joint venture agreement with the City of Fort Wayne (City) for the operation the City-County Building's Plaza Parking Garage (Garage). The County and City each appoint three members of the Garage's Condominium Association (Association). The County and City jointly appoint the seventh member. The Association is a not-for-profit corporation and is responsible for the operation of the garage.

The County and City each have a 50% equity interest in the venture, with each entity having invested approximately \$4.7 million in the project. The County's share of construction cost was financed primarily from the proceeds of a 1995 Parking Garage Capital Lease and a \$1.7 million 2001 Parking Garage Revenue Bond issue. The County's equity interest was recorded in the County's Capital Assets. The Net Investment in Joint Venture will be increased (decreased) by 50% of the Association's net income (loss) each year. The County's equity interest increased by \$85,116 for its share of 2004 net income. Complete financial statements for the Association can be obtained from the Controller, City of Fort Wayne, Room 930, One Main Street, Fort Wayne, IN 46802.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members of numerous organizations.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

The primary government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The family and children fund (special revenue) accounts for the financial resources and expenses related to services for children adjudicated to be in need of services or delinquent children.

The primary government reports the following major proprietary fund:

The war memorial coliseum fund accounts for the operation of an arena, exposition center, and baseball stadium which house major sporting events, music concerts, conventions, meetings, and other events.

Additionally, the primary government reports the following fund types:

The internal service funds account for automobile collision and comprehensive, civil rights, errors and omissions, health, and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the sheriff's pension trust and the sheriff's benefit pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "interfund receivables/payables (i.e., the current and noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

accordance with rules and regulations adopted by the Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

4. Inventories and Prepaid Items

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Enterprise fund food and beverage taxes and sports and convention taxes are classified as restricted assets on the statement of net assets because their use is limited by ordinance.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	All capitalized	N/A	N/A
Buildings	\$ 5,000	Straight-line	40-60 years
Improvements other than buildings	5,000	Straight-line	45 years
Machinery and equipment	5,000	Straight-line	5-25 years
Infrastructure	5,000	Straight-line	10-40 years
Net Investment in joint venture	5,000	Straight-line	40 years

N/A = Not Applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the primary government in its business-type activities during the current year was \$2,237,284. Of the amount, \$0 was included as part of the cost of capital assets under construction in connection with the Coliseum.

7. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of five days per year. Unused sick leave may be accumulated to a maximum of ten days. Accumulated sick leave is paid to employees through cash payments upon termination.
- b. Vacation Leave – primary government employees earn vacation leave on their anniversary date at rates from ten days to twenty-five days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- c. Personal Leave – primary government employees earn personal leave at the rate of two days per year. Personal leave does not accumulate from year to year.

Vacation, sick and personal leave is accrued when incurred.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Reclassified Prior Year Data

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the County auditor submits to the County council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the County council to obtain taxpayer comments. In September of each year, the County council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the County auditor receives approval of the Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the County council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Expenditures in Excess of Appropriations

For the year ended December 31, 2004, expenditures exceeded budgeted appropriations in the following fund, by the amounts below:

Fund	Amount
County User Fee	\$ <u>39,600</u>

These expenditures were funded by available fund balance in each fund.

C. Deficit Fund Equity

At December 31, 2004, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
Community Corrections	\$ 117,453
Community Corrections – Home Detention	197,170
Sheriff Equipment	10,299
Juvenile Community Corrections Grant	2,168
Sex Offender Reentry Program	8,987
Community Corrections Weed and Seed Initiative	5,130
Adult Protective Services	1,271
Court Improvement	7,438

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Deficit
Governmental funds (continued):	
Bioterrorism Program	5,998
Public Health Coordinator	981
Tuberculosis Block Grant	10,087
ACCC/ICJI Edward Byrne Memorial State and Local Law Enforcement Formula Grant	18,801
CASAD East TIF	29,630
GIS Bond of 2000	47,514

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the timing differences of grants or cost reimbursements; these deficits will be repaid from future revenues.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Primary Government

Deposits, made in accordance with IC 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

The primary government's investments are categorized below to give an indication of the level of risk assumed by the primary government at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the primary government or its agent in the primary government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the primary government's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the primary government's name.

	Category			Reported Amount	Fair Value
	1	2	3		
U.S. Government securities	\$ -	\$ 1,843,325	\$ 10,699,878	\$ 12,543,203	\$ 12,543,203
Corporate debt securities	-	6,370,458	-	6,370,458	6,370,458
Corporate equity securities	-	18,226,909	-	18,226,909	18,226,909
Repurchase agreements	-	-	23,023,850	23,023,850	23,023,850
Total investments	\$ -	\$ 26,440,692	\$ 33,723,728	\$ 60,164,420	\$ 60,164,420

2. Discretely Presented Component Units

The County's discretely presented component units' deposits and investments were entirely insured by the Federal Depository Insurance Corporation, Indiana Public Deposit Insurance Fund, or by collateral held in the financial institutions name.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The County's discretely presented component units' investments are categorized below to give an indication of the level of risk assumed by the discretely presented component units. Category 1 includes investments that are insured or registered, or securities held by the discretely presented component units or their agents in the discretely presented component units' name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the discretely presented component units' name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the discretely presented component units' name.

	Category			Reported Amount	Fair Value
	1	2	3		
Repurchase agreements, secured by U.S. Treasury or federal agency securities	\$ -	\$ -	\$ 2,078,000	\$ 2,078,000	\$ 2,078,000
Investments not subject to categorization: Short-term government mutual funds				<u>3,986,004</u>	<u>3,986,004</u>
Total investments				<u>\$ 6,064,004</u>	<u>\$ 6,064,004</u>

B. Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 9,206,441	\$ 456,527	\$ 375,200	\$ 9,287,768
Construction in progress	<u>61,037,925</u>	<u>13,592,841</u>	<u>29,687,282</u>	<u>44,943,484</u>
Total capital assets, not being depreciated	<u>70,244,366</u>	<u>14,049,368</u>	<u>30,062,482</u>	<u>54,231,252</u>
Capital assets, being depreciated:				
Buildings	56,178,457	27,340,108	4,171,858	79,346,707
Improvements other than buildings	793,392	-	-	793,392
Machinery and equipment	28,884,673	1,826,851	1,055,418	29,656,106
Infrastructure being depreciated	327,384,184	28,377,817	5,758,003	350,003,998
Net investments in joint venture	<u>5,310,834</u>	<u>85,116</u>	<u>-</u>	<u>5,395,950</u>
Totals	<u>418,551,540</u>	<u>57,629,892</u>	<u>10,985,279</u>	<u>465,196,153</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities (continued):				
Less accumulated depreciation for:				
Buildings	26,068,272	864,451	1,300,125	25,632,598
Improvements other than buildings	755,227	2,631	-	757,858
Machinery and equipment	19,268,183	2,428,787	1,005,866	20,691,104
Infrastructure being depreciated	95,045,474	7,120,783	3,182,010	98,984,247
Net investments in joint venture	896,925	134,898	-	1,031,823
Totals	<u>142,034,081</u>	<u>10,551,550</u>	<u>5,488,001</u>	<u>147,097,630</u>
Total capital assets, being depreciated, net	<u>276,517,459</u>	<u>47,078,342</u>	<u>5,497,278</u>	<u>318,098,523</u>
Total governmental activity capital assets, net	<u>\$ 346,761,825</u>	<u>\$ 61,127,710</u>	<u>\$ 35,559,760</u>	<u>\$ 372,329,775</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 380,487	\$ -	\$ -	\$ 380,487
Construction in progress	<u>35,917,785</u>	<u>451,920</u>	<u>36,369,705</u>	<u>-</u>
Total capital assets, not being depreciated	<u>36,298,272</u>	<u>451,920</u>	<u>36,369,705</u>	<u>380,487</u>
Capital assets, being depreciated:				
Land improvements	1,440,208	-	-	1,440,208
Buildings	39,223,016	36,409,743	-	75,632,759
Improvements other than buildings	3,252,193	-	8,178	3,244,015
Machinery and equipment	<u>2,871,557</u>	<u>56,865</u>	<u>8,000</u>	<u>2,920,422</u>
Totals	<u>46,786,974</u>	<u>36,466,608</u>	<u>16,178</u>	<u>83,237,404</u>
Less accumulated depreciation for:				
Land improvements	1,126,442	42,907	-	1,169,349
Buildings	20,970,644	1,280,264	-	22,250,908
Improvements other than buildings	2,926,862	186,594	7,088	3,106,368
Machinery and equipment	<u>2,020,367</u>	<u>173,104</u>	<u>8,000</u>	<u>2,185,471</u>
Totals	<u>27,044,315</u>	<u>1,682,869</u>	<u>15,088</u>	<u>28,712,096</u>
Total capital assets, being depreciated, net	<u>19,742,659</u>	<u>34,783,739</u>	<u>1,090</u>	<u>54,525,308</u>
Total business-type activity capital assets, net	<u>\$ 56,040,931</u>	<u>\$ 35,235,659</u>	<u>\$ 36,370,795</u>	<u>\$ 54,905,795</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Discretely Presented Component Units</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 13,440,221	\$ 531,109	\$ 5,926	\$ 13,965,404
Construction in progress	<u>3,003,692</u>	<u>4,518,717</u>	<u>3,099,291</u>	<u>4,423,118</u>
 Total capital assets, not being depreciated	 <u>16,443,913</u>	 <u>5,049,826</u>	 <u>3,105,217</u>	 <u>18,388,522</u>
Capital assets, being depreciated:				
Buildings and improvements	64,368,656	1,125,877	-	65,494,533
Infrastructure being depreciated	98,107,184	2,133,355	618,656	99,621,883
Machinery and equipment	<u>6,681,304</u>	<u>718,684</u>	<u>375,488</u>	<u>7,024,500</u>
 Totals	 <u>169,157,144</u>	 <u>3,977,916</u>	 <u>994,144</u>	 <u>172,140,916</u>
Less accumulated depreciation for:				
Buildings and improvements	22,117,864	2,393,354	-	24,511,218
Infrastructure being depreciated	50,204,258	4,999,596	618,656	54,585,198
Machinery and equipment	<u>3,975,001</u>	<u>394,081</u>	<u>344,307</u>	<u>4,024,775</u>
 Totals	 <u>76,297,123</u>	 <u>7,787,031</u>	 <u>962,963</u>	 <u>83,121,191</u>
 Total capital assets, being depreciated, net	 <u>92,860,021</u>	 <u>(3,809,115)</u>	 <u>31,181</u>	 <u>89,019,725</u>
 Total discretely presented component unit capital assets, net	 <u>\$ 109,303,934</u>	 <u>\$ 1,240,711</u>	 <u>\$ 3,136,398</u>	 <u>\$ 107,408,247</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 1,105,589
Public safety	1,289,687
Highways and streets	7,857,066
Health and welfare	277,304
Culture and recreation	<u>21,904</u>
 Total depreciation expense - governmental activities	 <u>\$ 10,551,550</u>
 Business-type activities:	
Coliseum	<u>\$ 1,682,869</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2004, is as follows:

Interfund Payables	Interfund Receivables		
	General Fund	Nonmajor Governmental	Total
Nonmajor Governmental Agency funds	\$ 1,517,029 118,286	\$ 360,000 -	\$ 1,877,029 118,286
Totals	\$ 1,635,315	\$ 360,000	\$ 1,995,315

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) Interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2004, were as follows:

Transfer From	Transfer To		
	General Fund	Nonmajor Governmental	Total
Nonmajor Governmental	\$ 992,391	\$ 4,858,839	\$ 5,851,230

The primary government typically uses transfers to fund ongoing operating subsidies.

D. Leases

Operating Leases

The primary government has entered into an operating lease having initial or remaining noncancelable terms exceeding one year for a radio communications tower. Rental expenditures for this lease were \$96,279. The following is a schedule by years of future minimum rental payments as of December 31, 2004:

2005	\$ 83,928
2006	70,287
Total	\$ 154,215

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Short-Term Liabilities

Tax Anticipation Notes

The primary government issued a tax anticipation note in advance of property tax collections, depositing the proceeds in its General, Family and Children, County Health, and County Bond Funds. This note was necessary due to the problems with the property tax reassessment of 2003 and the subsequent delay in receiving property tax revenues.

Short-term debt activity for the year ended December 31, 2004, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ -	\$ 21,343,689	\$ 21,343,689	\$ -

F. Long-Term Liabilities

Primary Government

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Balance 12-31-04</u>	<u>Current Portion</u>	<u>Premium (Discount)</u>	<u>Net Long-term</u>
1999 Allen County community corrections facility bonds	4.4%	\$ 170,000	\$ 169,150	\$ (850)	\$ -
2000 Allen County GIS bonds	4.85%	525,000	350,000	(4,122)	170,878
2000 Allen County courthouse preservation bonds	4.875% to 5%	525,000	350,000	(4,127)	170,873
2001 Allen County flood control refunding bonds	3.85% to 4.3%	3,590,000	530,000	(11,509)	3,048,491
2001 Allen County radio communication bonds	4% to 4.4%	4,475,000	545,000	-	3,930,000
2001 Allen County parking garage refunding bonds	4.06% to 4.21%	591,000	390,000	(5,434)	195,566
2004 Allen County bridge bonds	2.5% to 2.75%	<u>9,545,000</u>	<u>720,000</u>	<u>(9,108)</u>	<u>8,815,892</u>
Totals		<u>\$ 19,421,000</u>	<u>\$ 3,054,150</u>	<u>\$ (35,150)</u>	<u>\$ 16,331,700</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2005	\$ 3,055,000	\$ 512,822
2006	3,806,000	502,569
2007	3,305,000	390,749
2008	3,115,000	292,753
2009	3,020,000	196,013
2010-2014	<u>3,120,000</u>	<u>131,289</u>
Totals	<u>\$ 19,421,000</u>	<u>\$ 2,026,195</u>

2. First Mortgage Bonds

The primary government issues first mortgage bonds to provide funds for the acquisition and construction of major capital facilities. First mortgage outstanding at year end are as follows:

Purpose	Interest Rates	Balance 12-31-04	Current Portion	Premium (Discount)	Net Long-term
1998 Jail building first mortgage refunding bonds	4.3% to 4.5%	\$ 2,255,000	\$ 625,000	\$ -	1,630,000
2000 Jail building first mortgage bonds	4.75% to 5.75%	19,980,000	870,000	-	19,110,000
2001 Juvenile Justice Center first mortgage bonds	3.50% to 4.5%	25,932,358	1,450,000	-	24,482,358
2001 A War Memorial Coliseum additions first mortgage revenue bonds	3.75% to 5.75%	25,345,000	300,000	-	25,045,000
2001B War Memorial Coliseum additions first mortgage revenue bonds	5.85% to 6.875%	5,820,000	120,000	-	5,700,000
2002 War Memorial Coliseum building first mortgage refunding bonds	3.5% to 5%	<u>10,990,000</u>	<u>1,655,000</u>	<u>-</u>	<u>9,335,000</u>
Totals		<u>\$ 90,322,358</u>	<u>\$ 5,020,000</u>	<u>\$ -</u>	<u>\$ 85,302,358</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

First mortgage bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 2,945,000	\$ 2,279,633	\$ 2,075,000	\$ 2,147,741
2006	3,075,000	2,159,051	2,300,000	2,060,742
2007	3,200,000	2,029,272	2,535,000	1,964,944
2008	2,920,000	1,888,839	2,755,000	1,853,699
2009	2,745,000	1,764,956	2,930,000	1,727,480
2010-2014	15,745,000	6,715,418	7,795,000	7,052,093
2015-2019	16,637,358	3,832,227	8,155,000	5,148,012
2020-2024	900,000	25,875	11,130,000	2,506,412
2025-2029	-	-	2,480,000	107,303
Totals	<u>\$ 48,167,358</u>	<u>\$ 20,695,271</u>	<u>\$ 42,155,000</u>	<u>\$ 24,568,426</u>

3. Revenue Bonds

Primary Government

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Balance 12-31-04	Current Portion	Premium (Discount)	Net Long-term
2001 Allen County parking garage bonds	4.06% to 5.59%	<u>\$ 1,640,000</u>	<u>\$ 65,000</u>	<u>\$ (35,063)</u>	<u>\$ 1,539,937</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2005	\$ 65,000	\$ 83,248
2006	65,000	80,560
2007	70,000	77,656
2008	75,000	74,413
2009	75,000	70,955
2010-2014	445,000	293,248
2015-2019	570,000	159,136
2020-2024	<u>275,000</u>	<u>15,512</u>
Totals	<u>\$ 1,640,000</u>	<u>\$ 854,728</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Discretely Presented Component Units

The discretely presented component units issue bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Balance 12-31-04	Current Portion	Premium (Discount)	Net Long-term
1995 Revenue refunding bonds	5.8% to 5.9%	\$ 375,000	\$ 375,000	\$ (967)	\$ (967)
1998 First mortgage bonds	4.375% to 5.3%	21,535,000	960,000	(181,069)	20,393,931
1998 Revenue bonds	4.35% to 4.5%	2,765,000	645,000	(6,803)	2,113,197
2004 Airport improvement refunding bonds	3% to 5%	<u>15,475,000</u>	<u>670,000</u>	<u>396,805</u>	<u>15,201,805</u>
Totals		<u>\$ 40,150,000</u>	<u>\$ 2,650,000</u>	<u>\$ 207,966</u>	<u>\$ 37,707,966</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Discretely Presented Component Unit	
	Principal	Interest
2005	\$ 2,650,000	\$ 1,551,516
2006	3,080,000	1,751,687
2007	3,230,000	1,621,114
2008	3,465,000	1,482,841
2009	2,835,000	1,340,659
2010-2014	15,290,000	4,498,956
2015-2019	8,615,000	1,493,686
2020-2024	<u>985,000</u>	<u>24,625</u>
Totals	<u>\$ 40,150,000</u>	<u>\$ 13,765,084</u>

4. Loan Payable

Primary Government

The War Memorial Coliseum (Business-type Activities) has entered into a loan. Annual debt service requirements to maturity for the loan, including interest of \$51,996, are as follows:

	Business-Type Activities
2005	\$ 205,008
2006	205,009
2007	<u>205,009</u>
Total	<u>\$ 615,026</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Discretely Presented Component Units

The discretely presented component units have entered into a noninterest bearing loan of \$166,000 for Air Trade Center utility improvements. This loan will be repaid at \$16,600 per year over a ten year period. At December 31, 2004, the remaining balance is \$83,000.

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2004, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 14,415,000	\$ 9,545,000	\$ 4,539,000	\$ 19,421,000	\$ 3,054,150
First mortgage	49,395,000	1,602,358	2,830,000	48,167,358	2,945,000
Revenue	<u>1,700,000</u>	<u>-</u>	<u>60,000</u>	<u>1,640,000</u>	<u>65,000</u>
Total bonds payable	65,510,000	11,147,358	7,429,000	69,228,358	6,064,150
Compensated absences	<u>2,116,342</u>	<u>2,249,451</u>	<u>2,116,342</u>	<u>2,249,451</u>	<u>2,249,451</u>
Total governmental activities long-term liabilities	<u>\$ 67,626,342</u>	<u>\$ 13,396,809</u>	<u>\$ 9,545,342</u>	<u>\$ 71,477,809</u>	<u>\$ 8,313,601</u>
Business-type activities:					
First mortgage bonds payable:					
Coliseum	\$ 44,030,000	\$ -	\$ 1,875,000	\$ 42,155,000	\$ 2,075,000
Loan payable:					
Coliseum	734,614	-	171,584	563,030	179,390
Compensated absences	<u>41,863</u>	<u>43,334</u>	<u>41,863</u>	<u>43,334</u>	<u>43,334</u>
Total business-type activities long-term liabilities	<u>\$ 44,806,477</u>	<u>\$ 43,334</u>	<u>\$ 2,088,447</u>	<u>\$ 42,761,364</u>	<u>\$ 43,334</u>

Compensated absences for governmental activities typically have been liquidated from the general fund and five special revenue funds. Claims and judgments typically have been liquidated from the general fund.

<u>Discretely Presented Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
First mortgage bonds	\$ 44,335,000	\$ 15,475,000	\$ 19,660,000	\$ 40,150,000	\$ 2,650,000
Loan payable	99,600	-	16,600	83,000	16,600
Compensated absences	<u>901,259</u>	<u>371,076</u>	<u>236,341</u>	<u>1,035,994</u>	<u>161,008</u>
Total discretely presented component unit	<u>\$ 45,335,859</u>	<u>\$ 15,846,076</u>	<u>\$ 19,912,941</u>	<u>\$ 41,268,994</u>	<u>\$ 2,827,608</u>

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Coliseum Expansion Fund	\$	234,218
Coliseum Ticket Office Fund		776,102
Coliseum advance customer deposits		471,914
Food and Beverage Supplemental Tax Fund		6,780,412
Sports and Convention Fund		<u>1,293,969</u>
 Total restricted assets		 <u>\$ 9,556,615</u>

H. Restatements and Reclassifications

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning balances by fund type.

Fund Type	Balance as Reported December 31, 2003	Fund Reclassification	Balance as Restated January 1, 2004
Special revenue	\$ 26,410,801	\$ 788,136	\$ 27,198,937
Agency	232,779,014	(788,136)	231,990,878

IV. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Automobile Insurance

The Vehicle Self-Insurance Fund, an internal service fund, services the risk of loss in the following areas: automobile collision and comprehensive. The County is continuing to buy premium insurance for a number of other risks; i.e., liability.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The County is assuming 100% of the risk in these areas described above. Each department is responsible for the first \$500 deductible per each vehicle loss. Funding levels are determined based on the Insurance Director's analysis of prior years' claims history. The source of revenue is money appropriated from the County General Fund for automobile insurance, and also from the money or funds collected on behalf of the County arising from automobile insurance. The funding level for 2004 was \$0. There were no incurred but not reported claims at December 31, 2004. The cash balance in the fund at December 31, 2004, was \$237,156.

County Liability Fund

The County established the County Liability Fund to cover risks involving civil rights claims and errors and omission claims. The source of revenue is money appropriated from the County General Fund under the Sheriff's Liability and Liability Insurance line items. The funding level for 2004 was \$300,000. Incurred but not reported claims have not been accrued as a liability as of December 31, 2004.

Group Health Insurance

The primary government has chosen to establish a risk financing fund for risks associated with employee health claims. The risk financing fund is accounted for in the Self-Insurance Health Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$250,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the insurance premium of each employee paid from a particular fund. The employee pays 13% and the Fund pays 87%, except the Sheriff's Department where the fund pays 100%. These premiums are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

Changes in the balance of claim liabilities during the past two years are as follows:

	2003	2004
Unpaid claims, beginning of fiscal year	\$ 1,791,111	\$ 1,088,711
Incurred claims and changes in estimates	7,169,647	7,935,005
Claim payments	7,872,047	7,996,334
Unpaid claims, end of fiscal year	\$ 1,088,711	\$ 1,027,382

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Worker's Compensation

During 1994, the primary government joined together with other governmental entities to form Indiana Public Employers Plan, Inc., currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1988. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation. The primary government pays an annual premium to the risk pool for its worker's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Contingent Liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County Attorney the resolution of these matters will not have a material effect on the condition of the County.

C. Conduit Debt Obligation

From time to time, the primary government has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2004, there were eleven series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$47,575,000.

D. Administration of Welfare Programs

The primary government is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for Indigent Program, Medical Assistance to Wards and Children with Special Health Care Needs through local property tax levies. The primary government remits those taxes to the State, which pays the cost.

E. Operating Lease to Recovery Health Services, Inc.

The Allen County Commissioners leased to Recovery Health Services, Inc. (Recovery), the personal property, nursing home and real estate used by Byron Health Center. Allen County is retaining the fifty-five bed residential program and paying Recovery for operations and a management fee. The significant provisions of this lease are as follows:

1. Term of Lease

January 1, 1999, to January 1, 2003, with an option to extend the term for two five year periods. Currently the lease is operating on a month to month basis.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Rent

(a) Base rent of \$300,000 per year during the initial term, to be paid monthly beginning on January 1, 1999, and thereafter on the first day of the month following the due date of the previous payment.

(b) In addition to the base rent, Recovery will pay \$60,000 per year toward the unpaid lease balance owing under the original lease agreement. The unpaid lease balance at December 31, 2004, was \$1,015,964. Due to the uncertainty of payments, the receivable is not shown on the financial statements. Any payments received will be shown as revenue in the year received. The additional rent shall be payable on the first day of December each year.

(c) Payments totaling \$370,000 were made during 2004, decreasing the unpaid balance by \$128,877, after applying a capital improvements credit of \$58,877.

3. Improvements

Capital repairs (as defined by the lease) are the responsibility of Allen County to the limit of 80% of all rent collected from Recovery. Sufficient funds from the base rent shall be deposited to a separate Maintenance Fund to accrue to the benefit of Byron Health Center. Recovery may elect to pay for repairs or capital improvements and receive a credit of up to eighty percent of the base rent per year. A credit of \$58,877 was taken during the year 2004.

4. Insurance

Recovery will carry liability, fire and casualty insurance for the mutual benefit of Allen County and Recovery.

F. Commitment

Allen County has an agreement with Affiliated Computer Services (ACS) for information resource management. ACS staffs and manages the operation of the County's data processing equipment and software systems. The County provides office space, computer operating supplies, utilities, office equipment, and items necessary for day to day operations. In addition, the County provides computer hardware as it deems necessary for ACS. The agreement may be terminated by either party with ninety days notice. There is a revenue sharing clause included in the agreement whereby ACS will earn a percentage of increases in revenue or decreases in expenses as the result of programs or plans developed by ACS.

G. Tax Incremental Revenue Bonds and Loan

1. Infrastructure for Nestle USA Distribution Facility

Allen County and the City of Fort Wayne provided certain public infrastructure improvements (water main extension and roadways) that were necessary for Nestle USA to construct a distribution facility. These improvements were financed in part by a \$2,215,000 Tax Increment Revenue Bond (TIF) issued by the Allen County Redevelopment District. In December 1999, these bonds were refunded with the Nestle II TIF Bond Issue.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The \$2,440,000 1999 Allen County Redevelopment District Tax Incremental Revenue Bonds are due in installments of \$55,000 to \$115,000, plus interest at 5.8% to 6.7%. Bonds outstanding at December 31, 2004, were \$1,930,000.

2. Infrastructure for Superior Aluminum Alloy Facility

Allen County and the City of New Haven provided certain public infrastructure improvements (water main extension, water tower, and roadways) that were necessary to support the construction of an aluminum smelting facility by Superior Aluminum Alloys. These improvements were financed in part by a \$400,000 loan from the Economic Development Fund to the Allen County Redevelopment Commission. Superior Aluminum Alloys is to repay the loan through their tax incremental financing payments. Balance due at December 31, 2004, was \$239,737.

The loan, plus interest, is due when TIF funds become available. Interest rates are based upon rates earned by the Allen County Treasurer plus one percentage point.

3. Infrastructure for General Motors Facility

Allen County provided certain public infrastructure improvements (water and sewer main extensions, and right-of-way acquisition of Dalman Road) that were necessary to meet a previous commitment to General Motors. These improvements were financed by a \$5,233,322 Tax Increment Revenue Bond (TIF) Issued by the Allen County Redevelopment District.

The \$5,233,322 1997 Allen County Redevelopment District Tax Increment Revenue Bonds include a combination of coupon bonds and capital appreciation bonds. The \$2,335,000 coupon bonds are due in installments of \$270,000 to \$400,000 and have a balance outstanding at December 31, 2004, of \$1,335,000. The \$2,898,322 capital appreciation bonds are due November 15, 2013. Total debt outstanding at December 31, 2004 was \$4,233,322.

Economic Development areas were established to repay the above bonds and loan. Property taxes generated from increased property valuations in the economic development areas are used to repay the bonds and loan. Since Allen County as a whole is not obligated to make the debt payments, these bonds are not considered as debt of the County. If the increased property taxes do not generate sufficient revenues to pay the debt service payments, up to \$1,100,000 per year may be allocated from the County Economic Development Income Tax Fund towards the debt service payments.

H. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all employees who retire from the primary government on or after attaining age fifty-five with at least ten years of service. Currently, fifty retirees meet these eligibility requirements. The primary government and retirees provide 24% to 38% and 62% to 76%, respectively, of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. Expenditures for postemployment benefits cannot be reasonably estimated.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Pension Plans

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the primary government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

The liability for Net Pension Obligation (NPO) is considered an obligation of the primary government and is presented in the governmental activities of the financial statements.

2. County Police Retirement Plan

Plan Description

The primary government contributes to the County Police Retirement Plan which is a single-employer defined benefit pension plan. With the approval of the primary government's fiscal body, the plan is administered by the Sheriff's Department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting:

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the County and is reflected in the Statement of Net Assets.

3. County Police Benefit Plan

Plan Description

The primary government contributes to the County Police Benefit Plan which is a single-employer defined benefit pension plan. With the approval of the primary government's fiscal body, the plan is administered by the Sheriff's Department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. The Net Pension Obligation (NPO) is considered an obligation of the County and is reflected in the Statement of Net Assets.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement And Benefit Plan
Annual required contribution	\$ 2,000,466	\$ 1,227,542
Interest on net pension obligation	(70,658)	(15,092)
Adjustment to annual required contribution	80,521	18,864
Annual pension cost	2,010,329	1,231,314
Contributions made	2,319,043	800,000
Increase (decrease) in net pension obligation	(308,714)	431,314
Net pension obligation, beginning of year	(974,598)	(208,170)
Net pension obligation, end of year	\$ (1,283,312)	\$ 223,144

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	17.45%	N/A
Plan members	3%	3%	None
Actuarial valuation date	07-01-04	01-01-05	01-01-05
Actuarial cost method	Entry age	Frozen entry age	Aggregate
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	*
Amortization period	40 years	40 years	*
Amortization period (from date)	07-01-97	12-31-97	*
Asset valuation method	4 year smoothed market	3 year smoothed market	Market Value

N/A = Not Available

*The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The actual present value of projected benefits of the group in excess of the actuarial value of assets is allocated on a level basis over the earnings of the group.

ALLEN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	County Police Retirement Plan	County Police Benefit Plan
Investment rate of return	7.25%	7.25%	7.25%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	3.25%	3.25%
Attributed to merit/seniority	1%	1.75%	1.75%
Cost-of-living adjustments	2%	N/A	N/A

N/A = Not Applicable

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-02	\$ 1,943,890	107%	\$ (1,411,282)
	06-30-03	2,528,613	83%	(974,598)
	06-30-04	2,010,329	115%	(1,283,312)
County Police Retirement Plan	12-31-02	710,128	99%	(594,394)
	12-31-03	1,086,224	64%	(208,170)
	12-31-04	1,231,314	65%	223,144
County Police Benefit Plan	12-31-02	2,103	100%	-
	12-31-03	48,396	100%	-
	12-31-04	35,340	100%	-

ALLEN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 34,251,247	\$ 41,953,298	\$ (7,702,051)	82%	\$ 38,846,349	(20%)
07-01-03	34,891,619	37,871,885	(2,980,266)	92%	39,590,690	(8%)
07-01-04	35,855,063	39,978,333	(4,123,270)	90%	40,224,665	(10%)

County Police Retirement Plan and Benefit Plan*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 22,423,664	\$ 25,307,492	\$ (2,883,828)	89%	\$ 4,705,461	(61%)
01-01-01	24,498,318	27,693,195	(3,194,877)	88%	4,663,817	(69%)
01-01-02	25,885,390	28,616,423	(2,731,033)	90%	4,833,027	(57%)
01-01-03	24,709,843	30,291,515	(5,581,672)	82%	4,950,002	(113%)
01-01-04	24,513,742	31,911,588	(7,397,846)	77%	4,584,133	(161%)
01-01-05	25,239,949	33,449,599	(8,209,650)	75%	4,620,150	(178%)

*The actuary did not provide the information necessary to present the schedules of funding progress separately for these two individual pension funds.

ALLEN COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

County Police Retirement Plan and Benefit Plan*		
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed County
12-31-04	\$ 1,227,542	65%
12-31-03	1,076,351	65%

*The actuary did not provide the information necessary to present the schedules of contributions separately for these two individual pension funds.

ALLEN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2004

	General Fund				Family and Children Fund			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Favorable	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)	Original	Final	Amounts	(Unfavorable)
Revenues:								
Taxes:								
Property	\$ 56,082,522	\$ 56,082,522	\$ 72,919,427	\$ 16,836,905	\$ 12,695,809	\$ 12,695,809	\$ 17,840,446	\$ 5,144,637
Licenses and permits	2,576,806	2,576,806	2,142,024	(434,782)	-	-	-	-
Intergovernmental	2,949,000	2,949,000	5,363,033	2,414,033	5,997,158	5,997,158	8,033,899	2,036,741
Charges for services	2,953,000	2,953,000	5,745,529	2,792,529	-	-	-	-
Other	5,207,600	5,207,600	5,095,829	(111,771)	384,000	384,000	-	(384,000)
Total revenues	69,768,928	69,768,928	91,265,842	21,496,914	19,076,967	19,076,967	25,874,345	6,797,378
Expenditures:								
Current:								
General government	34,346,390	37,122,769	36,785,889	336,880	-	-	-	-
Public safety	32,573,442	32,782,785	30,130,854	2,651,931	-	-	-	-
Health and welfare	5,712,717	5,857,733	5,680,351	177,382	22,840,517	20,381,906	20,606,327	(224,421)
Culture and recreation	361,846	361,846	353,326	8,520	-	-	-	-
Total expenditures	72,994,395	76,125,133	72,950,420	3,174,713	22,840,517	20,381,906	20,606,327	(224,421)
Other financing sources:								
Operating transfers in	-	-	12,726,576	12,726,576	-	-	7,588,656	7,588,656
Temporary loan	-	-	(24,607,576)	(24,607,576)	-	-	(7,588,656)	(7,588,656)
Total other financing sources	-	-	(11,881,000)	(11,881,000)	-	-	-	-
Net change in fund balances	(3,225,467)	(6,356,205)	6,434,422	12,790,627	(3,763,550)	(1,304,939)	5,268,018	6,572,957
Fund balances - beginning	(3,004,525)	(3,004,525)	(3,004,525)	-	(2,503,499)	(2,503,499)	(2,503,499)	-
Fund balances - December 31	<u>\$ (6,229,992)</u>	<u>\$ (9,360,730)</u>	<u>\$ 3,429,897</u>	<u>\$ 12,790,627</u>	<u>\$ (6,267,049)</u>	<u>\$ (3,808,438)</u>	<u>\$ 2,764,519</u>	<u>\$ 6,572,957</u>

ALLEN COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2004

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	General	Family and Children
Excess of revenues and other financing sources over expenditures and other financing uses (budgetary basis)	\$ 6,434,422	\$ 5,268,018
Adjustments:		
To adjust revenues for accruals	(7,522,720)	(2,450,223)
To adjust expenditures for accruals	11,216,319	1,459,986
Excess of revenues and other financing sources under expenditures and other financing uses (GAAP basis)	\$ 10,128,021	\$ 4,277,781

ALLEN COUNTY
OTHER REPORTS

The report presented herein was prepared in addition to other official reports prepared for the individual county offices listed below:

County Treasurer
County Juvenile Probation Department
County Building Department

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of Allen County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 18, 2005

ALLEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 84,301
National School Lunch Program	10.555		<u>157,507</u>
Total for cluster			<u>241,808</u>
Total for federal grantor agency			<u>241,808</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grants			
Sex Offender Management Discretionary Grant	16.203		
		2002-XP-BX-0011	<u>100,368</u>
Local Law Enforcement Block Grants Program	16.592		
		2003-LB-BX-03502763	<u>2,868</u>
Community Capacity Development Office Executive Office for Weed and Seed Program Guide and Application Kit: Continuation Sites	16.595		
		2003-WS-QX-0019	75,770
		2004-WS-Q4-0099	<u>41,543</u>
Total for program			<u>117,313</u>
Bulletproof Vest Partnership Program	16.607		
		BOBX-02009551	<u>3,641</u>
Community Protection and Project Safe Neighborhoods	16.609		
		2002-GPCX-0081	<u>26,915</u>
Public Safety Partnership and Community Policing Grants	16.710		
		2004SHWX0060	<u>34,062</u>
Pass-Through Indiana Department of Correction Offender Re-entry Program Adult and Juvenile Program	16.202		
			<u>248,128</u>
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Incentive Block Grants	16.523		
		02-JB-003	89,892
		03-JB-001	<u>10,905</u>
Total for program			<u>100,797</u>
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		
		02-JF-002	7,836
		02-JF-026	15,517
		02-JF-034	2,324
		03-JF-025	8,741
		02-JF-018	<u>14,006</u>
Total for program			<u>48,424</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ALLEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (continued)</u>			
Pass-Through Indiana Criminal Justice Institute (continued)			
Title V Delinquency Prevention Program	16.548	02-JP-001	<u>69,574</u>
Crime Victim Assistance	16.575	03-VA-005 04-VA-161 04-VA-017	31,677 10,038 <u>7,919</u>
Total for program			<u>49,634</u>
Byrne Formula Grant Program	16.579	01-DB-060 02-DB-036 03-DB-002 02-1-DB-038	36,669 128,225 37,824 <u>31,308</u>
Total for program			<u>234,026</u>
Violence Against Women Formula Grants	16.588	03-ST-004	<u>10,039</u>
Total for federal grantor agency			<u>1,045,789</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	OP-04-02-03-02 154AL-04-04-04-01 154AL-04-03-03-110 OP-05-02-T-03-P-2	40,180 4,895 4,000 <u>11,543</u>
Total for program			<u>60,618</u>
Safety Incentive Grants for Use of Seatbelts	20.604	OPINS-03-07-05-01	<u>9,636</u>
Total for cluster			<u>70,254</u>
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction	20.205	STP F024 (3) STP F184 (1) STP F340 (1) BR-NBIS (456) Bridge Inspections STPP 9902 (041) Restoration Engine 765 STP 9902 (42) STP 9902 (45)	62,570 2,989 1,961 53,200 59,746 261,711 <u>657,309</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ALLEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Department of Transportation (continued)			
Highway Planning and Construction (continued)			
		PL00940419	126,709
		PL00944029	144,877
		3304019	40,105
		3104029	<u>13,900</u>
Total for program			<u>1,425,077</u>
Federal Transit - Metropolitan Planning Grants	20.505		
		IN8021208P	22,176
		IN8021308P	<u>24,009</u>
Total for program			<u>46,185</u>
Total for federal grantor agency			<u>1,541,516</u>
<u>U.S. FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Pass-Through Indiana Department of Homeland Security			
Comprehensive Emergency Management Plan			
	83.563		<u>26,282</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Family and Social Services Administration			
Special Programs for the Aging Title VII Chapter 3 Programs			
for Prevention of Elder Abuse, Neglect, and Exploitation			
	93.041		
		02-04-OV-1004-01	138,021
		02-04-OV-1004-02	<u>129,860</u>
Total for program			<u>267,881</u>
Pass-Through Indiana Department of Health			
Project Grants and Cooperative Agreements			
for Tuberculosis Control Programs			
	93.116		
		TB 195-10	27,604
		TB 195-11	<u>14,916</u>
Total for program			<u>42,520</u>
Center for Disease Control and Prevention - Investigations			
and Technical Assistance			
	93.283		
		BPRS 195-10	12,209
		BPRS 195-9	<u>25,600</u>
Total for program			<u>37,809</u>
Pass-Through Indiana Family and Social Services Administration			
Child Support Enforcement			
	93.563		
		County Prosecutor's Expenditures	1,260,654
		County Clerk of the Circuit Court Expenditures	<u>300,979</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ALLEN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>			
Pass-Through Indiana Family and Social Services Administration (continued)			
Child Support Enforcement (continued)			
County Court Expenditures			131,224
Indirect Costs			140,069
Incentives			<u>246,995</u>
Total for program			<u>2,079,921</u>
Pass-Through Indiana Supreme Court			
State Court Improvement Program	93.586	Allen-CIP-FY04	<u>13,688</u>
Pass-Through Indiana Department of Health			
HIV Prevention Activities - Health Department Based	93.940	Aids 195-6	<u>170,841</u>
Preventative Health and Health Services Block Grant	93.991	PHB 195-4 PHB 195-11	12,159 <u>26,132</u>
Total for program			<u>38,291</u>
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	STD 195-2	<u>141,214</u>
Total for federal grantor agency			<u>2,792,165</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
State Domestic Preparedness Equipment Support Program	97.004	FY-03 FY-04	967,708 <u>91,666</u>
Total for program			<u>1,059,374</u>
Emergency Management Performance Grants	97.042		<u>69,794</u>
Community Emergency Response Teams	97.054		
First Responder Communications Equipment			219,650
Community Emergency Response Team Equipment			<u>4,125</u>
Total for program			<u>223,775</u>
Total for federal grantor agency			<u>1,352,943</u>
Total federal awards expended			<u>\$ 7,000,503</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ALLEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Allen County (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the primary government provided federal awards to subrecipients as follows for the year ended December 31, 2004:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Juvenile Justice and Delinquency Prevention – Allocation to States	16.540	\$ 29,523
Crime Victim Assistance	16.575	49,634
Special Programs for the Aging Title VII Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	267,881

ALLEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
97.004	State Domestic Preparedness Equipment Support Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ALLEN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ALLEN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 18, 2005, with Lisbeth A. Blosser, Auditor; Jackie Scheuman, Finance and Budget Director; Linda K. Bloom, President of the Board of County Commissioners; and F. Nelson Peters, County Commissioner.