

IT'S YOUR MONEY

A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR ACCOUNTABILITY AND THE AUDIT PROCESS



CRAWFORD COUNTY COURTHOUSE

Special points of interest:

- ACCOUNTABILITY AND THE AUDIT PROCESS
- GENERAL FUND REVENUES VS EXPENDITURES
- 2005 TAX DISTRIBUTIONS
- UPCOMING DATES TO REMEMBER
- DEPARTMENT FOCUS—STATE AUDITOR OF OHIO

ACCOUNTABILITY

The word "Accountability" has many different definitions and interpretations. According to Merriam-Webster Dictionary; accountability is the quality or state of being accountable; especially: an obligation or willingness to accept responsibility or to account for one's actions.

Each day, the County Auditor's Office is responsible for accounting to various governmental agencies that require compliance with state and federal rules and regulations.

As an administrative office that was created by the State Legislature, being accountable, in some form or another, is as much a part of our daily requirements as performing the actual task itself.

GOVERNMENT ACCOUNTABILITY

In the world of government you have three types of accountability; legal, financial, and public. All three types are obviously

intertwined, but it is important for the public to understand that each governmental agency has certain legal and financial responsibilities for which they are accountable.

With tough economic times comes an increased demand for accountability at all levels.

A first step to being accountable is understanding how the government system works and who is responsible (or accountable) for what.

AUDIT RESPONSIBILITIES

In Ohio, the State Auditor has the responsibility for performing all financial audits of governmental agencies within the state. Along with that responsibility, the State Auditor has the authority to mandate the type of financial statements that need to be prepared and in some cases, how often these financial statements are to be completed.

As such, the County Auditor is

required to prepare financial statements, annually, in accordance with Generally Accepted Accounting Principles. These financial statements are then audited by the State Auditor each year, to insure legal and financial compliance and accountability.

IMPORTANCE OF THE AUDIT

The audit process is very important for the public to understand and should not be taken lightly by any citizen, government official, or agency.

The audit process should be completed independently and with full cooperation and disclosure on the part of all government employees and officials.

By respecting the audit process, government officials are actually demonstrating accountability and this results in protecting the integrity of a system for which they have either been elected or hired to serve.

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DEDICATED TO SERVING CRAWFORD COUNTY WITH ACCOUNTABILITY, INTEGRITY AND PROFESSIONALISM

THE AUDIT PROCESS BY: OHIO AUDITOR OF STATE BETTY MONTGOMERY

One of my top priorities as Auditor of State is keeping the lines of communication open between our office and local government. Local officials can usually avoid potential accounting problems with a little hard work and proper preparation, rather than struggle with them once they exist.

The Auditor of State conducts financial audits on all types of local governments. Individual county offices are usually reviewed under the umbrella of the larger county audit which is conducted annually. State auditors conduct audits on-site, working with local officials and reviewing financial records ensure a thorough and complete review.

In conducting financial audits, there are several things the Auditor

of State's Office reviews. First, our office will look for a narrative describing financial control procedures. We want to see that policies and procedures are in place to ensure proper oversight of public funds.

We then sample transactions to determine if the financial controls operate as indicated. Based on the results of this test, we will then perform more detailed testing to further ensure proper fiscal oversight and compliance with applicable laws and regulations.

At the conclusion of the audit, our office issues the final audit report. If any problems are detected, we issue them as findings for recovery, non-compliance citations, or control comments.

We also provide recommendations on steps the entity can take to alleviate the noted problems in the future.

Finally, my office renders an opinion as to the accuracy of the entity's financial statements. An "unqualified" opinion indicates that the financial statements present a fair and accurate representation of the entity's financial situation during the time period reviewed.

As public officials, both state and local officials ultimately answer to the taxpayers. It is my goal to ensure, together with local officials, that our taxpayers' dollars are spent appropriately and wisely.

ON THE YEAR; GENERAL FUND REVENUES, EXPENDITURES AND CASH

The General Fund is the chief operating fund of the County. It is used to account for resources traditionally associated with governments which are not required legally or by sound financial management to be accounted for in a separate fund. There is only one General Fund of the County as contrasted with multiple special revenue, debt service, capital projects, fiduciary and proprietary funds.

Actual operating revenues of the General Revenue Fund for the first three months of 2005 were \$2,490,245.63 or 30.67% of the \$8,119,604 estimated by the County Budget Commission in January. Revenues collected for the same period last year were \$2,765,706.53.

A review of the County's revenue indicates that overall receipts are down by \$275,460.90 because of revenue received on interest earnings. This can be attributed to lower interest rates and less dollars being invested. The decline in interest revenue was anticipated by the County Treasurer and the County Budget Commission as 2005 revenue estimates were compiled.

Sales tax receipts have actually increased by \$43,733 or 5.35% when compared to 2004. In comparing other revenue sources of the County General Fund from 2004 to 2005, financial trends indicate consistent revenue collections.

When comparing actual revenues and expenditures, advances made to other funds or received as a repayment are not considered as operating revenues and expenditures because these items actually only affect cash flow. Thus, in order to accurately reflect operating revenues and expenditures these loans have been removed from the totals and the financial data presented in this newsletter.

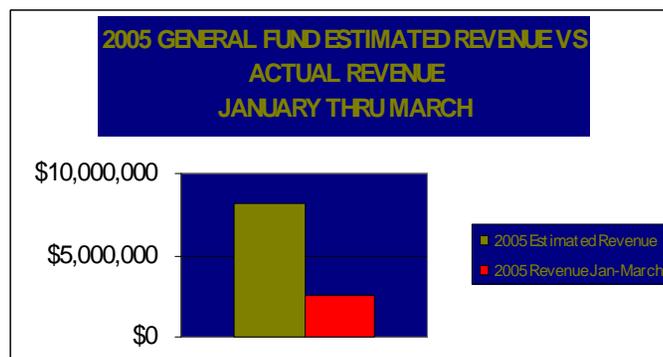
First quarter operating expenditures totaled \$2,722,755.75 or 25.71% of the \$10,590,176.59 appropriated for 2005. Expenditures for the same period last year totaled \$2,755,430.78, indicating a slight reduction in operating costs for the quarter.

The cash balance of the General Fund at March 31, 2005 was \$2,864,456.12 as compared to \$2,123,994.67 at March 31, 2004. The increase in cash position can be attributed to the one time \$2,000,000 transfer of monies from the Capital Projects Fund in late 2004. This transfer was done to replenish reserves that had been utilized by the General Revenue Fund for prior construction projects.

Expenditures continued to exceed revenues for the first quarter of 2005, indicating the same financial trend that has been in place since 2001.

2005 GENERAL FUND BUDGET VS ACTUAL REVENUES

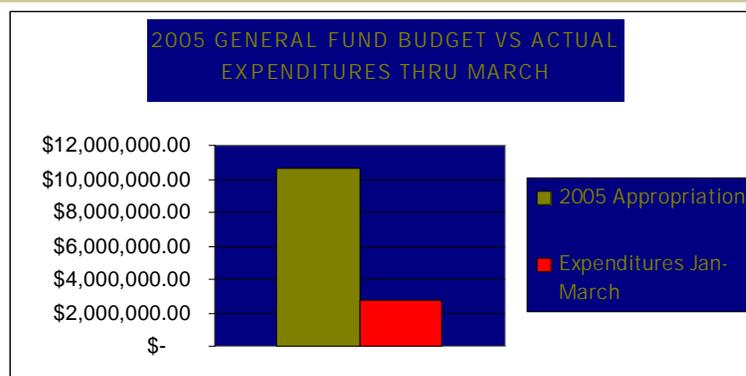
	2005 ESTIMATED <u>REVENUE</u>	2005 ACTUAL REVENUE <u>JANUARY-MARCH</u>	PERCENT <u>COLLECTED</u>
PROPERTY TAXES	\$ 1,275,000	\$ 635,258.85	49.82%
SALES TAXES	\$ 3,150,000	\$ 860,774.26	27.33%
CHARGES FOR SERVICES	\$ 1,726,488	\$ 494,331.10	28.63%
LICENSES AND PERMITS	\$ 5,300	\$ 795.00	15.00%
FINES AND FORFEITURES	\$ 150,826	\$ 42,155.55	27.95%
INTERGOVERNMENTAL	\$ 1,445,258	\$ 391,347.87	27.08%
INTEREST	\$ 240,000	\$ 17,710.41	7.38%
OTHER	\$ 126,732	\$ 47,872.59	37.77%
TOTAL OPERATING REVENUE	\$ 8,119,604	\$ 2,490,245.63	30.67%
ADVANCE REPAYMENT	\$ -0-	\$ 3,000.00	



2005 GENERAL FUND BUDGET VS ACTUAL EXPENDITURES

	<u>2005 Appropriation</u>	<u>Expenditures January-March</u>	<u>Unexpended Balance</u>	<u>Percent Expended</u>
General Fund Operating Expenditures and Transfers	\$ 10,590,176.59	\$ 2,722,755.75	\$ 7,867,420.84	25.71%
Department Breakdown				
Commissioners	\$ 335,580.00	\$ 88,569.98	\$ 247,010.02	26.39%
Auditor	\$ 355,529.46	\$ 79,881.78	\$ 275,647.68	22.47%
Treasurer	\$ 108,125.00	\$ 26,194.54	\$ 81,930.46	24.23%
Recorder	\$ 187,479.81	\$ 37,778.89	\$ 149,700.92	20.15%
Prosecutor	\$ 501,363.00	\$ 143,436.61	\$ 357,926.39	28.61%
Common Pleas/Jury Comm	\$ 586,174.00	\$ 131,004.51	\$ 455,169.49	22.35%
Adult Probation	\$ 63,427.00	\$ 15,969.03	\$ 47,457.97	25.18%
Juvenile Court	\$ 309,917.47	\$ 74,947.64	\$ 234,969.83	24.18%
Juvenile Probation	\$ 481,213.33	\$ 97,141.63	\$ 384,071.70	20.19%
Probate Court	\$ 115,339.37	\$ 30,666.50	\$ 84,672.87	26.59%
Clerk of Courts	\$ 263,022.00	\$ 66,054.26	\$ 196,967.74	25.11%
Coroner	\$ 138,336.02	\$ 22,249.55	\$ 116,086.47	16.08%
Municipal Court	\$ 522,411.00	\$ 121,283.48	\$ 401,127.52	23.22%
Bd. Of Elections	\$ 282,399.12	\$ 44,609.31	\$ 237,789.81	15.80%
Ct. House Admin/Commissioner	\$ 746,702.83	\$ 214,809.72	\$ 531,893.11	28.77%
Sheriff Excluding Jail Operation	\$ 1,977,179.64	\$ 468,911.25	\$ 1,508,268.39	23.72%
Agriculture	\$ 270,735.51	\$ 122,051.36	\$ 148,684.15	45.08%
Veterans	\$ 372,289.01	\$ 80,073.69	\$ 292,215.32	21.51%
Engineer	\$ 134,872.00	\$ 36,334.10	\$ 98,537.90	26.94%
Liability Insurance	\$ 363,700.00	\$ 340.00	\$ 363,360.00	0.09%
Transfers to Other Funds	\$ 1,424,870.00	\$ 510,212.92	\$ 914,657.08	35.81%
County Examination	\$ 66,000.00	\$ 22,004.78	\$ 43,995.22	33.34%
Data Processing for County	\$ 107,882.23	\$ 26,975.85	\$ 80,906.38	25.00%
Court of Appeals	\$ 33,929.74	\$ 17,772.59	\$ 16,157.15	52.38%
Public Assistance Grant	\$ 255,000.00	\$ 179,996.00	\$ 75,004.00	70.59%
Child Welfare Grant	\$ 215,000.00	\$ -	\$ 215,000.00	0.00%
Victim of Crime Grant	\$ 12,017.00	\$ 12,017.00	\$ -	100.00%
Law Library	\$ 52,547.95	\$ 7,707.36	\$ 44,840.59	14.67%
Miscellaneous	\$ 307,134.10	\$ 43,761.42	\$ 263,372.68	14.25%
Total Operating Exp/Transfers	\$ 10,590,176.59	\$ 2,722,755.75	\$ 7,867,420.84	25.71%
Loans to Other Funds	\$ -	\$ 280,940.35		
Total Expenditures and Advances		\$ 3,003,696.10		

The 2005 appropriation includes all encumbrances carried forward from 2004 and any adjustments to the budget approved by the County Commissioners on January 1, 2005. 2004 encumbrances total \$126,369.30 and adjustments made to the 2005 budget during the first quarter total \$17,063.31 and were given to Juvenile Court, Juvenile Probation and Agriculture.



"Without data, you're just another person with an opinion."
Unknown Author

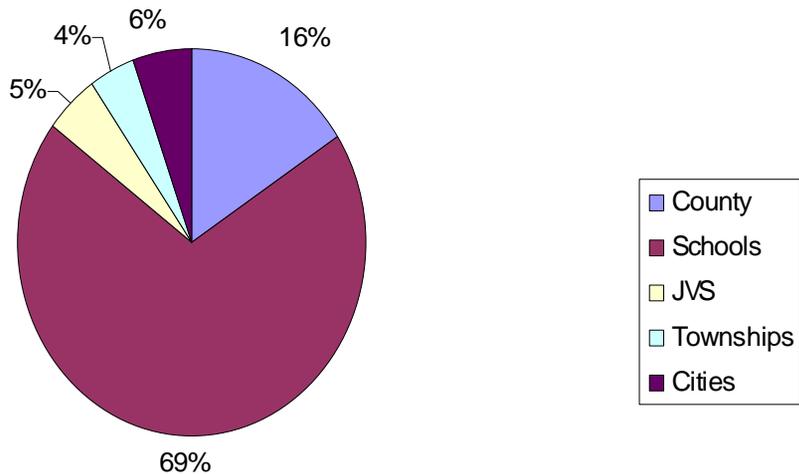
2005 REAL ESTATE TAX DISTRIBUTIONS

Ohio law requires the County Auditor to distribute many types of taxes collected by the County Treasurer. The two major types of property taxes are real estate and tangible personal. Shown below is the distribution of real estate taxes for first half 2005. Personal Property distributions are made in May and October each year, so these distributions will be reflected in future quarterly reports. Real estate taxes are collected based on current tax rates applied to the taxable valuations assessed as of January 1, 2004.

2005 Real Estate Collections Tax Year 2004/Payable 2005

<u>District</u>	<u>Total TY2004 Collections</u>	<u>Percentage of Total</u>
County	2,320,466.56	15.79%
Schools	10,197,646.80	69.41%
JVS	740,803.49	5.04%
Townships	600,898.28	4.09%
Cities	832,212.08	5.66%
TOTAL	14,692,027.21	100.00%

TY 2005 Real Estate Collections



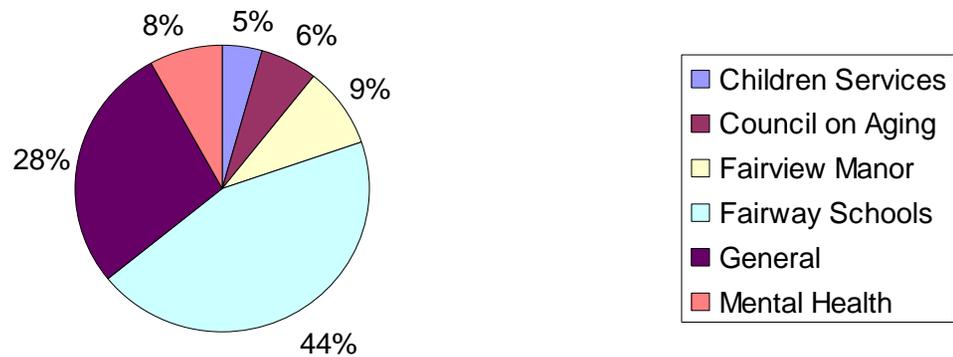
2005 REAL ESTATE TAX DISTRIBUTIONS, CONTINUED

The following table and graph illustrate how Crawford County's portion of your tax bill is utilized. The following tax levies have been approved by the voters with the exception of the General Fund which represents your proportional share of the cost of operating local government. Ohio law limits the amount of taxation without the vote of the people. Each political subdivision such as a school district, township, village, city and county are allocated millage, not to exceed 10 collectively, for general operating purposes.

2005 Real Estate Collections Tax Year 2004/Payable 2005 Crawford County Breakdown

<u>District</u>	<u>Total TY2004 Collections</u>	<u>Percentage of Total</u>
Children Services	104,828.49	4.52%
Council on Aging	140,962.23	6.07%
Fairview Manor	209,656.95	9.04%
Fairway Schools	1,030,381.32	44.40%
General	647,668.23	27.91%
Mental Health	186,969.34	8.06%
TOTAL	2,320,466.56	100.00%

Crawford County Breakdown



A QUARTERLY NEWSLETTER FROM YOUR COUNTY AUDITOR

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ABOUT YOUR COUNTY

With 13 employees, the County Auditor serves as both the Chief Financial Officer and the Real Property Assessor for all political subdivisions within the County. It is the goal of this office to provide the citizens of Crawford County with the most cost effective and efficient office possible while never forgetting the people we serve. In addition to the County Auditor, there are seven elected administrative officials and three judges who operate independently as set forth by Ohio law. These officials are: Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff, Treasurer, two Common Pleas Judges and a Municipal County Judge. All of these officials serve four-year terms except for the judges, who serve six-year terms. The County was formed by an act of the General Assembly on April 1, 1826 and includes 400 square miles and has an estimated population of 46,966.

UPCOMING DATES TO REMEMBER

- April 1, 2005 - Monthly financial statements filed with County Commissioners.
- April 30, 2005 - Last Day to file or request extension of tangible personal property tax forms.
- May 1, 2005 - Monthly financial statements filed with County Commissioners.
- May 15, 2005 or about - County Auditor required to make tangible personal property tax distributions to schools, townships, villages and cities.
- May 30, 2005 - Annual financial statements filed with State Auditor.
- June 1, 2005 - Monthly financial statements filed with County Commissioners.
- June 6, 2005 - Last Day to file homestead and 2 1/2 percent rollback tax credit forms with County Auditor.
- June 15, 2005 - Last Day to file tangible personal property tax return if extension granted.
- June 20, 2005 - Last Day to pay 2nd half real estate taxes without penalty.

DEPARTMENT FOCUS

The Auditor of State's Office serves as the watchdog of public funds. Our top priority is to ensure tax dollars are spent honestly and efficiently.

Our role in ensuring good government goes beyond weeding out inappropriate expenditures, identifying misuse of public monies, and rooting out fraud. We work everyday with government entities through services including those provided by our Local Government Services Section, Uniform Accounting Network, and Performance Audit Section.

Upon taking office, I laid the groundwork to aggres-

sively root out fraud and public corruption by restructuring the office to enhance collaboration between line auditors, the existing special audit staff, and a newly-hired team of white-collar crime investigators and prosecutors. As a result of these changes, our office has been instrumental in cases that have led to at least 35 individuals charged with crimes related to theft of public funds. To date, 25 of those individuals have been convicted.

We also launched our Taxpayer Protection Initiative, an effort to restore public confidence in those entrusted with taxpayer dollars. Through a toll-free hot-

line (1-866-FRAUD-OH), public employees and citizens now have a direct and effective way to report suspected fraud, waste, or abuse at all levels of government. Our hotline has received hundreds of calls and has been lauded by local officials as, "an invaluable service to local law enforcement officials dealing with cases of public corruption."

Part of trusting your government is being able to participate in it. To that end, I created an Open Government Unit within the Auditor of State's Office. This unit is dedicated to educating local government officials on obliga-

tions under the Ohio Public Records Act and the Ohio Open Meetings Act. This was one of my top priorities as attorney general, and I have continued my commitment to this priority as Auditor of State.

My commitment to every Ohioan is to do everything in my power to ensure the expenditure of tax dollars is held to the highest standard of accountability. Whether this is done through an audit or through a fraud investigation, it is the most important function of my job as Ohio Auditor of State.

SUBMITTED BY:
BETTY MONTGOMERY
AUDITOR OF STATE