

**ALLEN COUNTY, OHIO  
GENERAL FUND  
FINANCIAL STATEMENTS FOR THE  
SIX MONTH PERIOD ENDING  
JUNE 30, 2007 and 2006**

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

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**ALLEN COUNTY AUDITOR**  
**BEN E. DIEPENBROCK, CPA**  
301 N. Main Street  
P.O. Box 1243  
Lima, OH 45802  
Phone: 419-223-8520  
Fax: 419-222-2543

visit us at [www.allencountyohio.com/aud](http://www.allencountyohio.com/aud)

July 12, 2007

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

Dear Financial Statement Users:

I am presenting the General Fund financial statements and schedules for your review for the six month period ended June 30, 2007 and 2006. The concept of accountability requires that government officials report financial information to the public, their elected representatives and other users who make decisions based upon this information. The Governmental Accounting Standards Board in their *Concepts Statement I* state, "Accountability is the paramount objective of governmental financial reporting—the objective from which all other financial reporting objectives flow." I believe that reasonable people can make decisions when information is provided to them. In that spirit, I present this report to you.

Our beginning (carryover) fund balance declined by \$955,393 (or 31.51%) from January 2006 to January 2007. Our revenues, transfers in and advances in increased by \$991,055 (7.8%) primarily due to increases in property taxes, sales tax and interest income. Expenditures and other financing uses increased by \$183,995 which is a modest increase of 1.3% because of salaries and fringes and decreases in supplies and materials. The cumulative effect of these transactions led to a decrease of \$148,333 (8%) in the cash position of the county. Our cash balance at June 30, 2007 is \$1,704,784.

These statements simply and objectively express the transactions that occurred in the second quarter. Because the presentation of the statements is on the cash basis, they do not consider future plans, assets or actual liabilities that exist. Please take the time to read the notes to the financial reports for more facts relating to these statements. As your auditor, I will continue to monitor our finances closely for changes that might impact our operations.

I firmly believe that the Allen County coffers belong to the people and that they should demand accountability from those that they elect. As always, feel free to call me if you have any feedback, observations or recommendations.

Sincerely,

A handwritten signature in black ink that reads "Ben E. Diepenbrock" with a stylized flourish at the end.

Ben E. Diepenbrock, CPA  
Auditor of Allen County, Ohio

Allen County, Ohio  
Statement of Cash Receipts, Disbursements and Changes in Fund Balance  
General Fund  
For the Six Month Period Ended June 30, 2007 and 2006

	Actual 2007	Actual 2006	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Local taxes:</b>			
Real estate taxes	\$1,372,474	\$1,259,923	\$112,551
Personal property tax	\$215,731	\$111,140	104,591
Rollback reimbursement	171,320	322,184	(150,864)
House trailer tax	6,268	9,014	(2,746)
County sales tax	6,572,196	6,279,227	292,969
Transfer and conveyance fees	358,884	261,522	97,362
Local government fund	862,471	882,085	(19,614)
Local government assistance fund	178,236	179,323	(1,087)
<b>Total local taxes</b>	<b>9,737,580</b>	<b>9,304,418</b>	<b>433,162</b>
<b>Other revenues:</b>			
Fees	787,550	824,360	(36,810)
Licenses	6,579	2,556	4,023
Interest	1,316,309	892,548	423,761
Sales and rents	244,143	211,952	32,191
Miscellaneous and reimbursements	998,838	846,098	152,740
Courts	419,304	396,348	22,956
Detention Center	22,833	35,806	(12,973)
<b>Total other revenues</b>	<b>3,795,556</b>	<b>3,209,668</b>	<b>585,888</b>
<b>Total General Fund revenue</b>	<b>13,533,136</b>	<b>12,514,086</b>	<b>1,019,050</b>
<b>Expenditures:</b>			
Salaries	6,535,406	6,366,218	169,188
Insurance	1,463,818	1,384,223	79,595
Public employees retirement	1,099,217	1,047,884	51,333
Medicare	77,182	72,489	4,693
Unemployment	2,421	1,568	853
Materials and supplies	619,145	778,433	(159,288)
Services	3,190,535	2,899,567	290,968
Equipment	60,456	36,763	23,693
Grants to other county depts.	622,024	684,753	(62,729)
<b>Total expenditures</b>	<b>13,670,204</b>	<b>13,271,898</b>	<b>398,306</b>
<b>Excess of revenues over expenditures</b>	<b>(137,068)</b>	<b>(757,812)</b>	<b>620,744</b>
<b>Other financing sources (uses):</b>			
Other financing uses	(58,422)	0	(58,422)
Sale of fixed assets	10,001	0	10,001
Transfer out	(261,942)	(520,845)	258,903
Advance in	111,388	149,384	(37,996)
Advance out	(36,170)	(50,000)	13,830
<b>Total other financing sources (uses)</b>	<b>(235,145)</b>	<b>(421,461)</b>	<b>186,316</b>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	<b>(372,213)</b>	<b>(1,179,273)</b>	<b>807,060</b>
<b>Beginning fund balance, January 1, 2007 and 2006</b>	<b>2,076,997</b>	<b>3,032,390</b>	<b>(955,393)</b>
<b>Ending fund balance, June 30, 2007 and 2006</b>	<b>1,704,784</b>	<b>1,853,117</b>	<b>(148,333)</b>
<b>Outstanding encumbrances</b>	<b>(3,398,243)</b>	<b>(3,196,980)</b>	<b>(201,263)</b>
<b>Unencumbered fund balance, June 30, 2007 and 2006</b>	<b>(\$1,693,459)</b>	<b>(\$1,343,863)</b>	<b>(\$349,596)</b>

See the accompanying notes and explanations to the quarterly financial reports.  
This is an unaudited financial statement.

Allen County, Ohio  
Schedule of Estimated and Actual Revenues-Cash Basis  
General Fund  
For the Six Month Period Ended June 30, 2007

	Annual Budgeted Revenues	Total Receipt for 2007	Variance Over (Under)	% Received To Date
Revenues:				
Local taxes:				
Real estate taxes	\$2,710,606	\$1,372,474	(\$1,338,132)	50.63%
Personal property taxes	465,302	215,731	(249,571)	46.36%
House trailer tax	15,900	6,268	(9,632)	39.42%
Rollback and personal property reimbursement	746,567	171,320	(575,247)	22.95%
County sales taxes	13,094,360	6,572,196	(6,522,164)	50.19%
Transfers and conveyance fee	742,060	358,884	(383,176)	48.36%
Local government fund	1,635,000	862,471	(772,529)	52.75%
Local government assistance	325,000	178,236	(146,764)	54.84%
Total local taxes	<u>19,734,795</u>	<u>9,737,580</u>	<u>(9,997,215)</u>	<u>49.34%</u>
Other revenues:				
Fees	1,690,000	787,550	(902,450)	46.60%
Licenses	9,000	6,579	(2,421)	73.10%
Interest	2,100,000	1,316,309	(783,691)	62.68%
Sales and rents	402,200	244,143	(158,057)	60.70%
Miscellaneous and reimbursements	1,700,800	1,008,839	(691,961)	59.32%
Court revenues	786,850	419,304	(367,546)	53.29%
Detention center	61,000	22,833	(38,167)	37.43%
Federal grants	0	0	0	0.00%
Transfers in	100,000	0	(100,000)	0.00%
Advances in	100,000	111,388	11,388	111.39%
Total other revenues	<u>6,949,850</u>	<u>3,916,945</u>	<u>(3,032,905)</u>	<u>56.36%</u>
Total General Fund revenues	<u>\$26,684,645</u>	<u>\$13,654,525</u>	<u>(\$13,030,120)</u>	<u>51.17%</u>

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

This is an unaudited financial statement.

Allen County, Ohio  
Schedule of Expenditures Compared to Appropriations-Cash Basis  
General Fund  
For the Six Month Period Ended June 30, 2007

	<u>Current Year Appropriations</u>	<u>Total Expenditures and Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>	<u>% Spent To Date</u>
Expenditures: and budgeted appropriations				
Salaries	\$13,289,557	\$6,535,406	\$6,754,151	49.18%
Insurance	2,694,700	1,463,818	1,230,882	54.32%
Public employees retirement	1,965,662	1,099,217	866,445	55.92%
Medicare	168,528	77,182	91,346	45.80%
Unemployment	3,000	2,421	579	80.70%
Materials and supplies	1,380,382	1,225,146	155,236	88.75%
Services	6,930,616	5,508,422	1,422,194	79.48%
Capital outlay for equipment	109,124	105,042	4,082	96.26%
Grants to other county depts.	765,635	765,634	1	100.00%
Transfers out	764,922	606,524	158,398	79.29%
Advances out	50,000	36,170	13,830	72.34%
Total expenditures	<u>\$28,122,126</u>	<u>\$17,424,982</u>	<u>\$10,697,144</u>	<u>61.96%</u>

See the accompanying notes and explanations to the quarterly financial reports.  
This is an unaudited financial statement.

Allen County, Ohio  
Notes and Explanations to Quarterly Financial Reports  
For the Six Month Period Ended June 30, 2007

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The financial statements and schedules for the General Fund are prepared on the basis of cash receipts and disbursements. As a result, revenues are recognized when received rather than when earned and expenditures are recognized when paid rather than when a liability is incurred. Adjustments are made at year end to bring the financial statements into conformity with generally accepted accounting principles (GAAP).

These notes are presented to explain in more detail what is included on the face of the financial statements. This information explains what is included in certain accounts for example and the statements are best read in conjunction with these notes.

The financial statements and schedules presented are for the General Fund only. The General Fund is the primary operating fund of the county. It accounts for all receipts and expenditures that are not legally required to be accounted for in a separate fund. The General Fund includes such departments as the commissioners, auditor, treasurer, sheriff, recorder, clerk of courts, the courts, prosecutor, coroner and others.

The *Statement of Cash Receipts, Disbursements and Changes in Fund Balance* shows the actual cash receipts and expenditures for the first six months which covers the period January 1, 2007 through June 30, 2007. This statement also shows a comparison of receipts and expenditures for two years. A comparative financial statement provides more information for management to make decisions and gives the reader a better idea of how we compare with last year.

The *Schedule of Budgeted and Actual Revenues* and the *Schedule of Expenditures Compared to Appropriations* for 2007, compares the estimated and actual revenues for the current year and the expenditures and encumbrances against the appropriations authorized by the Allen County Commissioners.

The General Fund budget for 2007 was estimated as follows:

January 1, 2007 unencumbered carryover fund balance of \$	1,777,911
Estimated revenues for 2006	<u>26,684,645</u>
Available to appropriate	28,462,556
Appropriations for 2006	<u>27,816,534</u>
Unappropriated balance	<u>\$ 646,022</u>

Revenues are classified by source based upon the county auditor's chart of accounts. Expenditures are classified by object because they better describe the types of payments made and are easier for readers to understand. A description of the major revenue sources and expenditures are summarized in these notes.

The *Schedule of Budgeted and Actual Revenues* includes only the 2007 estimated revenues and does not include prior year cash (carryover) balances that are available. Estimated revenues are revised near year end to comply with financial reporting and legal requirements. A description of the major revenue accounts and explanations are included below.

The revenues in the General Fund are estimated based upon the source from which they are received and are classified in this manner. We also review prior year history as a basis to estimate. A brief description of the major revenue sources and an explanation of them are included below:

Allen County, Ohio  
Notes and Explanations to Quarterly Financial Reports  
For the Six Month Period Ended June 30, 2007

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Real estate taxes are received from the tax paid by owners of real estate in the county. These taxes are distributed to the county in February and August. The February settlement has been received by the county and the county collected 8.48% more in 2007 than in 2006. The primary reason is that the county's taxable values increased due to the triennial update which was effective this calendar year. Also, the county annually reallocate .75 mills of its 2.40 inside (or unvoted) mills or one-third toward the retirement of long-term debt. This enables the county to be reimbursed for the loss of tangible personal property for an additional six years, that is, from 2011 to 2017.

Personal property tax revenues are received from taxes paid by those who have a trade or business. It is a tax on machinery and equipment used in manufacturing or other business and inventory used in manufacturing or for resale. Most of it is received by the county primarily in June and October after it is collected from the businesses and the larger share is received in the October settlement. We have received \$104,591 more in 2007 than in 2006.

The personal property tax has been eliminated by the Ohio General Assembly and is being phased out. Ohio counties will be reimbursed fully for personal property tax losses through 2010. From 2011-2017, counties will receive progressively less each year until it is phased out in 2017. However, based upon the reallocation of inside millage to pay long-term debt, the county was able to extend the reimbursement until 2017. No new revenue source has been promised to the county once the phase-out is complete. The house trailer tax is collected on trailers that are taxed like real estate.

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

Sales tax is derived from the 1% additional tax on sales within the county. It is paid into the state by business owners and then sent back to the county about three months later. Sales taxes received in the General Fund in 2007 are 4.67% more than we received in 2006. This is mainly due to the commissioners allocating \$39,300 more per month to the General Fund in 2007. This revenue source is affected by market and non-economic conditions and is a primary indicator of business activity.

Transfer taxes and conveyance fees are paid to the county when real estate transactions occur. Of the \$3.00 per thousand collected, a total of \$2.25 is placed in the General Fund the rest is distributed by the commissioners to other funds.

Local government funds are received from the State of Ohio. This is a volatile revenue source since the state froze this for the next two years. The actual allocation was changed in the second half of 2005 and the amount received by the county in 2004, will be about the same for the next two years. We have received substantially the same amount for the last two years.

Fees are generated from charges by the probate court and recorder. Auditor and treasurer fees are collected from administering the collection and distribution of real estate and personal property taxes to local governments and from other departments.

Licenses primarily consist of revenues from the sale of cigarette and vendors licenses. This is not a significant revenue source and will continue to be immaterial to the total General Fund.

Allen County, Ohio  
Notes and Explanations to Quarterly Financial Reports  
For the Six Month Period Ended June 30, 2007

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Interest is collected monthly from investments of the county's cash. If the cash balances grow and interest rates increase, revenues will increase. Interest income has increased by \$423,761 which is an increase of almost 48% from 2006 due primarily to an increase in interest rates paid on investments and other factors.

Sales and rents are primarily collected from the rental of county property such as the county home, the Court of Appeals building and parking lots.

Miscellaneous revenues are derived primarily from election expenses and cost allocation reimbursements from other county departments as well as repayments for salaries originally paid through the General Fund.

Court revenues come from fines and court costs imposed by the Municipal Court, Juvenile Court and other courts that collect these fines and fees.

Detention Center revenues are derived from tuition charges and housing of inmates. The center also receives Federal grant revenue which comes primarily from the Federal National School Breakfast and Lunch program and is used to offset the Juvenile Detention Center food costs.

Transfers in and advances in are often difficult to project because they are nonrecurring transactions..

The *Schedule of Expenditures Compared to Appropriations* shows the relationship between the spending authority (appropriations) of the county and actual spending for the year. Current year appropriations include the encumbrances carried over from 2006, which do not need to be reappropriated, and the current year appropriations. The total expenditures and encumbrances column shows the amount spent and obligated (encumbered) in 2007, against the appropriation accounts. The variance column shows the amount that has not been spent or obligated to date and shows whether there are legal violations of Revised Code provisions. There are none.

Appropriations are approved by the county commissioners based upon requests made by the departments in the General Fund, and other funds, and must be approved before any expenditure can legally be made. Appropriations are limited by the carryover fund balance plus estimated revenues and cannot exceed those amounts. Appropriations include encumbrances carried over from 2006 and the current appropriations for 2007. Encumbrances are obligations that are made for the purchase of goods or services and reduce the available appropriations by that amount in order to reduce the risk of overspending. Appropriations do not exceed the amount available.

Ohio law states that current year expenditures and encumbrances cannot exceed the appropriations referred to above. Appropriations can be modified throughout the year with the approval of the commissioners.

A brief description of expenditure accounts follows:

Salaries include the amounts paid to elected officials and county employees for services provided to the county. Salaries and fringe benefits (the employer share of Medicare, retirement costs, and insurance) account for about 66% of General Fund expenditures. Salaries are up this year by 2.65%.

Insurance includes the county share of hospitalization paid for employees as well as workers compensation and the term life insurance policy provided as a fringe benefit. Insurance costs are up 5.75% from the prior year.

Allen County, Ohio  
Notes and Explanations to Quarterly Financial Reports  
For the Six Month Period Ended June 30, 2007

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The Ohio Public Employee Retirement System includes the county (employer) share of retirement paid for the employees as a fringe benefit and is calculated based upon 13.85% of salaries paid. The county pays 16.93% of the gross salary for law enforcement employees as a fringe benefit. OPERS payments increased this year by 4.9%.

Medicare is paid by both the employee and the employer, with each contributing 1.45% of gross pay for those employees hired after April 1, 1986. Unemployment compensation is the county obligation for employees who are laid off. Allen County is a reimbursing employer so premiums are not paid unless employees are laid off.

Materials and supplies include such items as general office supplies, advertising, dues, books, food for detention centers, fuel and maintenance of certain county vehicles, and other items. These expenditures are down by 20.46% from 2006.

Services include certain contracts with vendors for the maintenance and repair of office equipment and vehicles, jury fees, utility bills, liability insurance, travel expenses, and other items. Spending in this account has increased by 10 percent.

Capital outlay is used to record the purchase of equipment or other assets purchased through the General Fund. Most county purchases of general fixed assets are made from the Building and Expansion Fund. This account is relatively insignificant compared to other accounts in the General Fund.

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

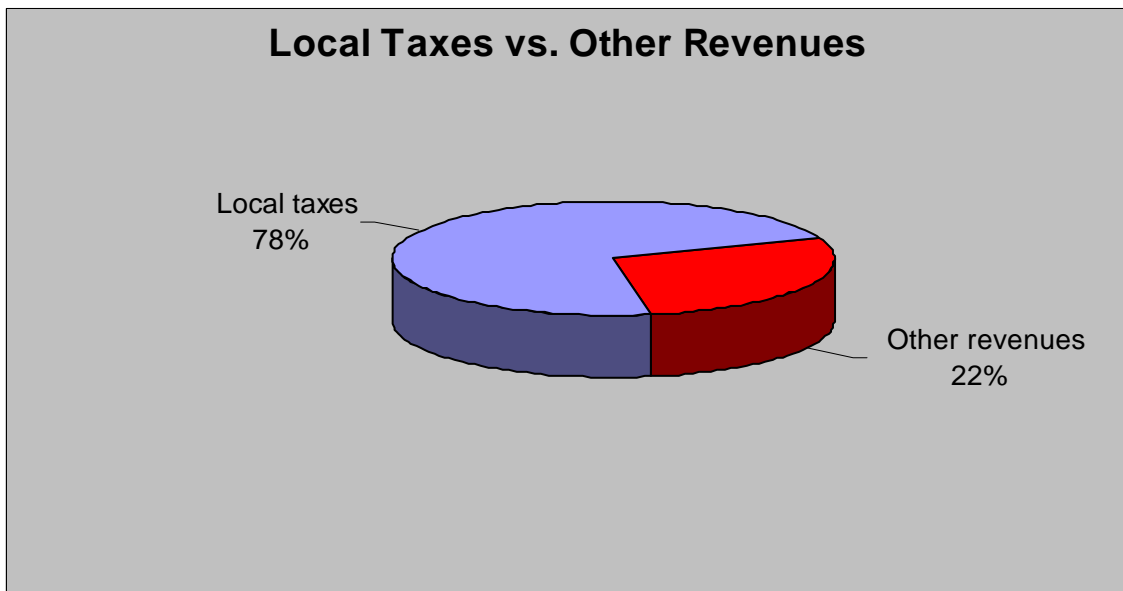
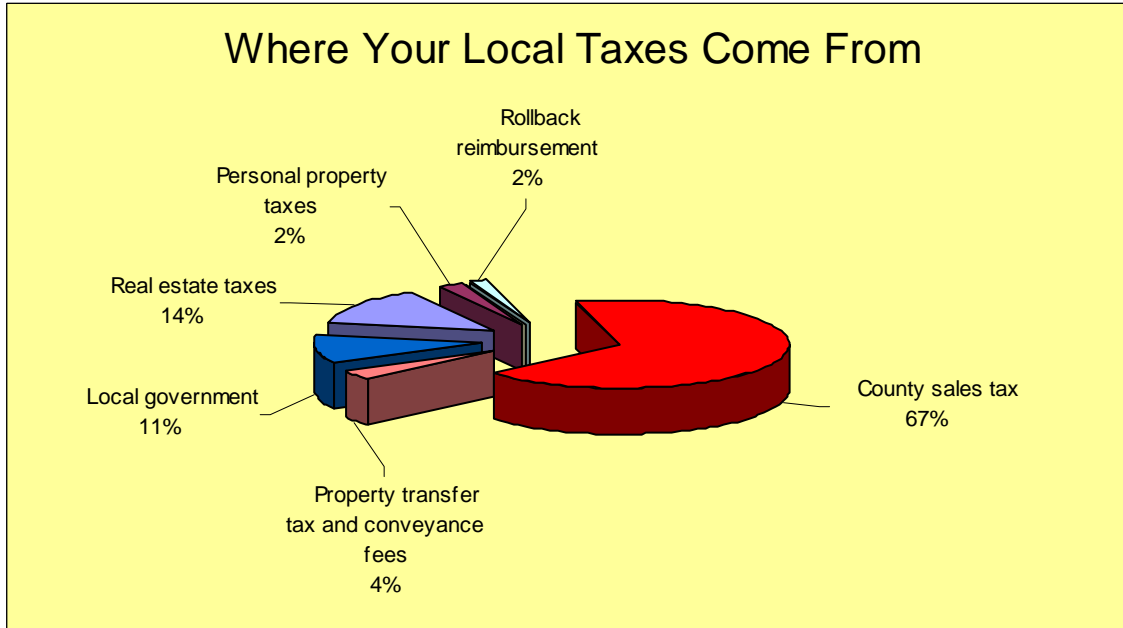
Transfers out primarily consist of the payment of the county's mandated share of public assistance to the County Department of Job and Family Services. Through this period, the county transferred \$260,145 with an additional commitment in the second half of the year of \$286,160 for a total commitment of \$546,305.

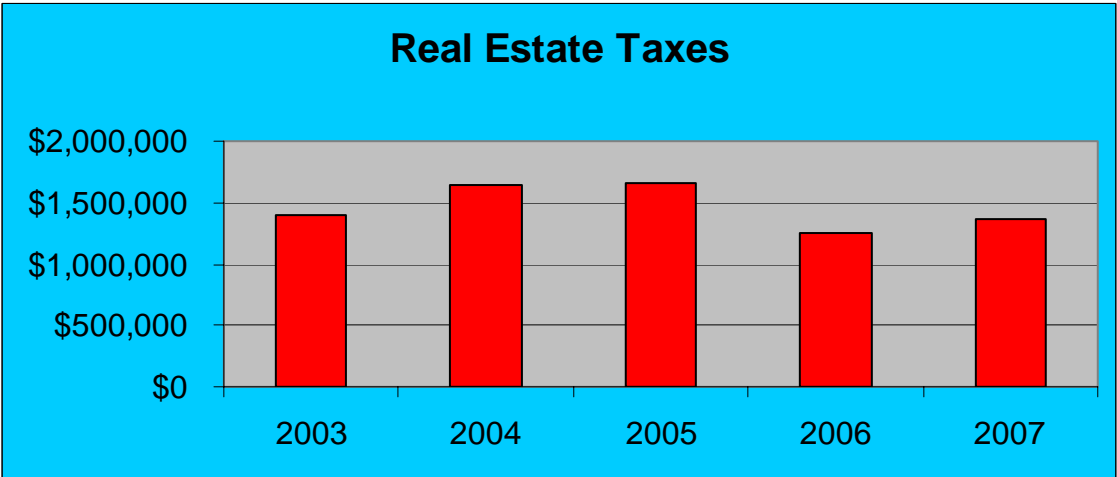
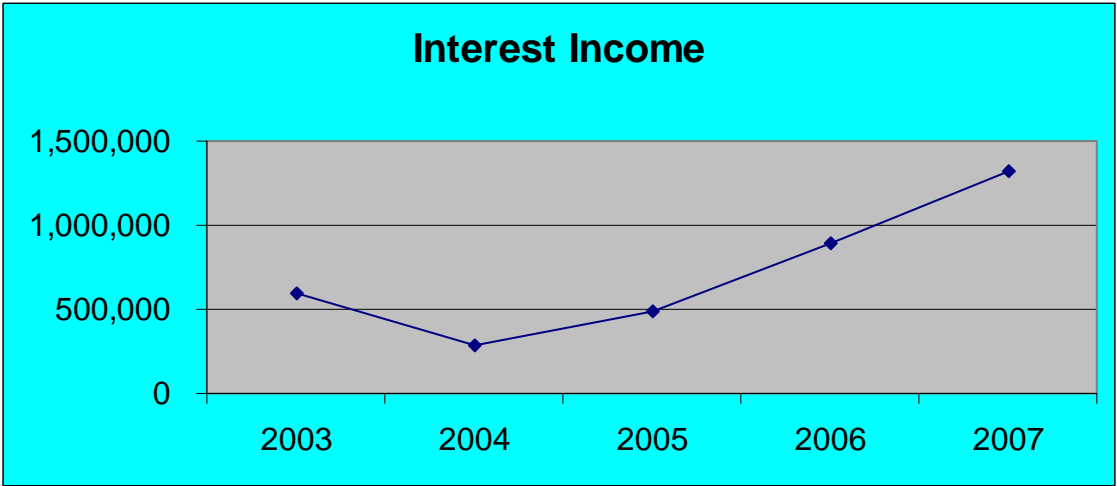
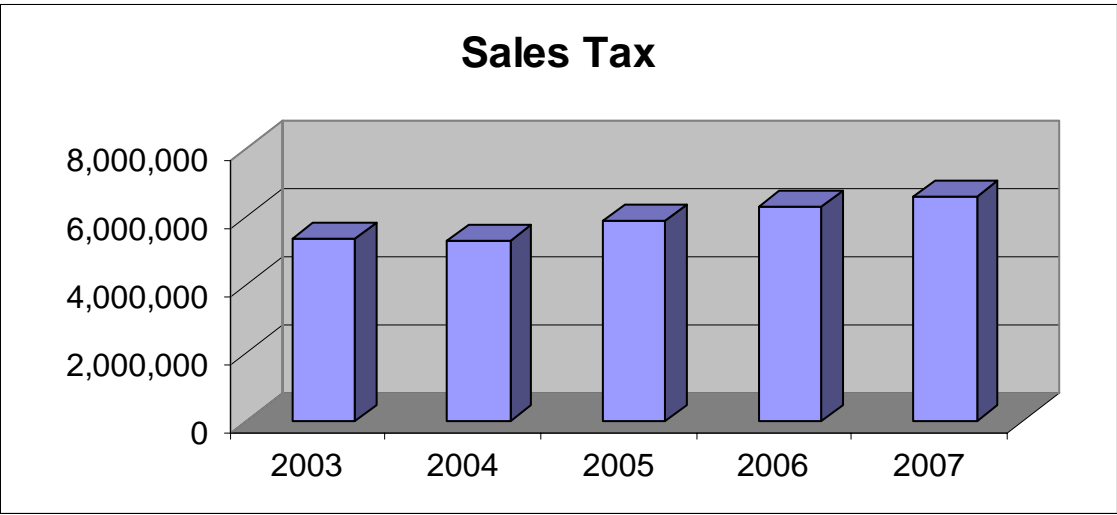
These notes to the financial statements are an integral part of the financial statements and should be read in conjunction with your review of the statements.

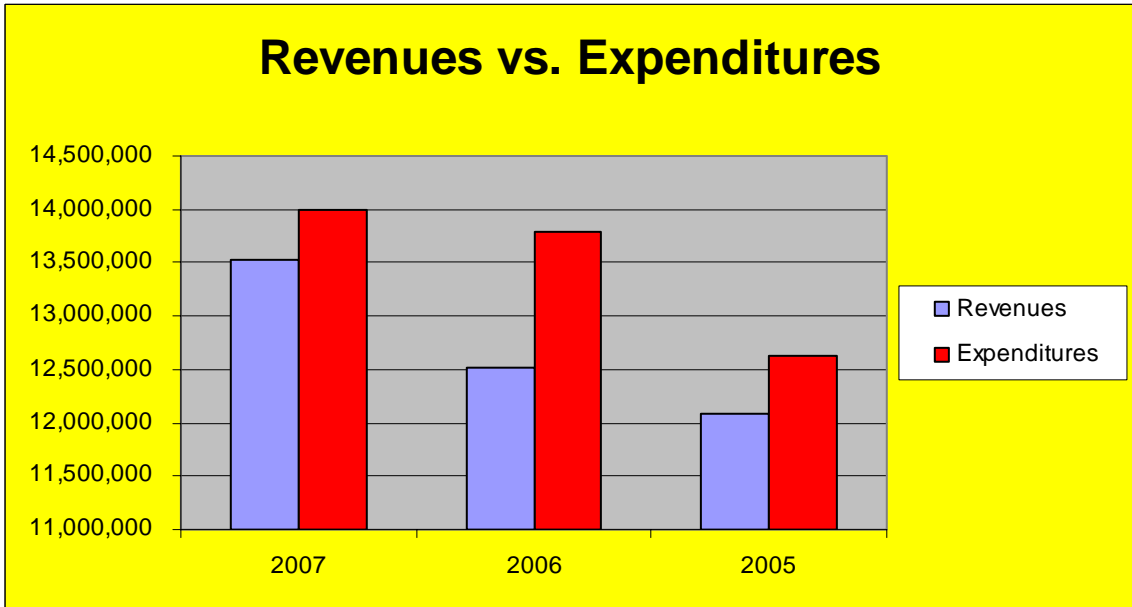
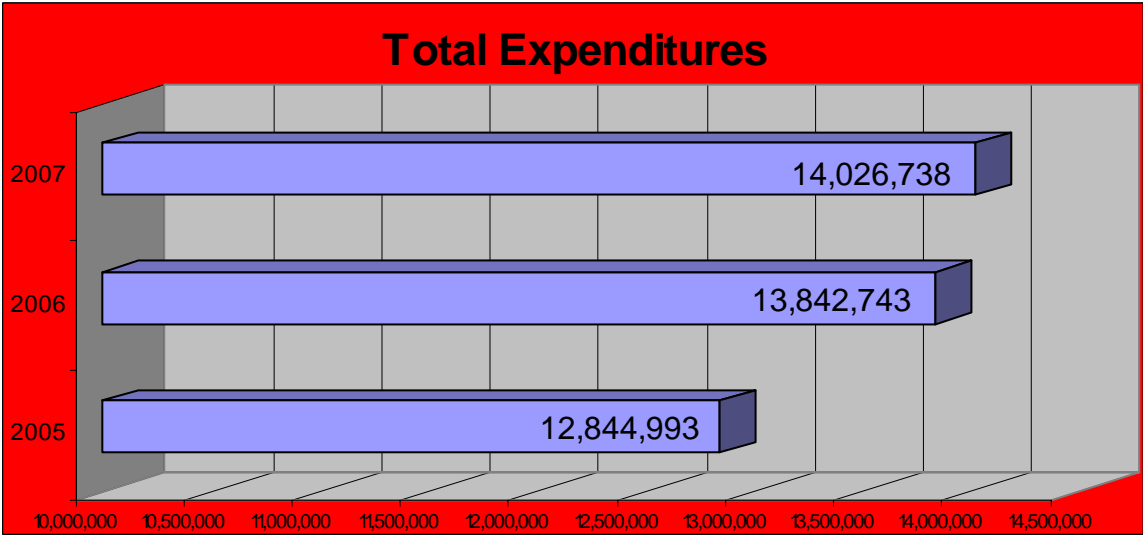
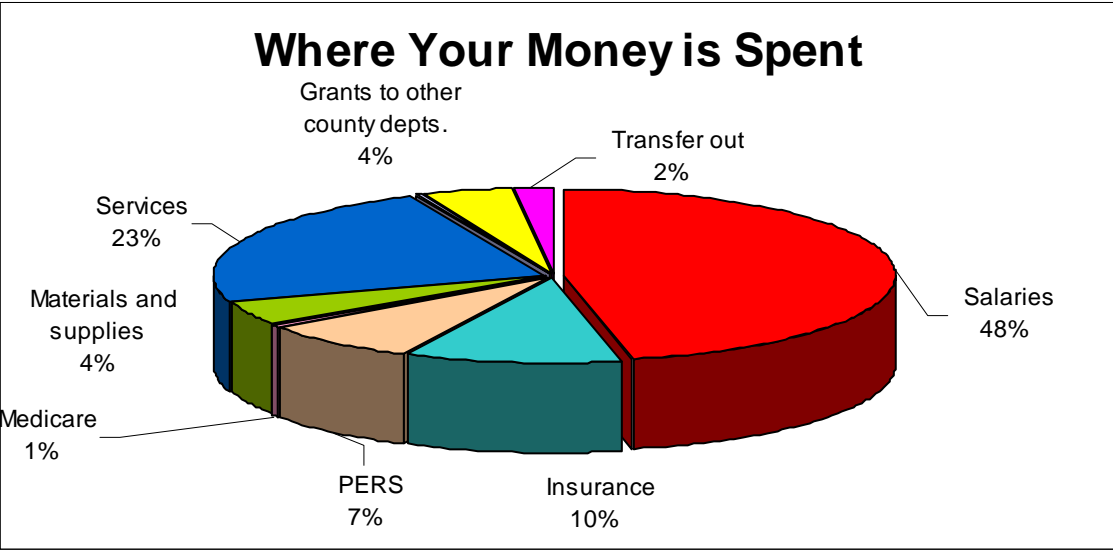
Citizens or other users of this information are encouraged to contact the County Auditor for more information regarding this report.

# Graphs

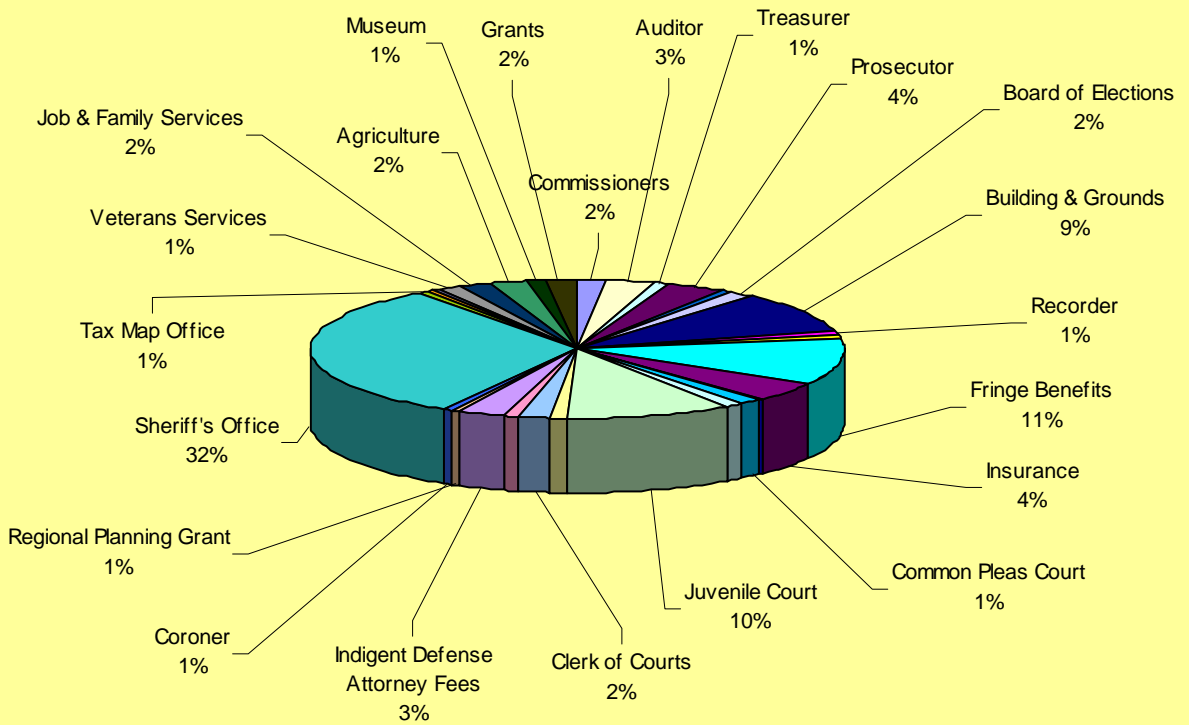
The graphs below depict a few of the main items of the County's General Fund revenue and expenditures. All amounts are for the period of January through June.







# Expenditures by Departments



Expenditures By Department  
General Fund  
For the Six Month Period Ended June 30, 2007

General Legislative & Executive	
Commissioners	\$220,755
Allen County Law Library	12,936
Auditor	441,967
Treasurer	111,406
Prosecutor	514,643
Budget Commission	400
Board of Revision	-
Bureau of Inspection	48,594
Board of Elections	249,512
Building & Grounds	1,322,541
Recorder	150,710
Miscellaneous	110,840
Fringe Benefits (All General Fund Employees)	1,481,914
Insurance	629,521
Grants	31,019
Transfers	1,797
Advance	16,170
Total General Legislative & Executive	<u>5,344,725</u>
Judicial	
Court of Appeals	34,158
Common Pleas Court	199,309
Domestic Relations Court	140,247
Juvenile Court	1,413,421
Probate Court	148,218
Clerk of Courts	256,587
Municipal Court	116,397
Grants	54,583
Indigent Defense Attorney Fees	384,923
Total Judicial	<u>2,747,843</u>
Public Safety	
Regional Planning Grant	80,827
Coroner	78,550
Sheriff's Office	4,450,430
Total Public Safety	<u>4,609,807</u>
Public Works	
Tax Map Office	83,826
Ditches	20,135
Grants	60,752
Total Public Works	<u>164,713</u>
Health	
Children's Services Attorney	13,161
Tuberculosis Care	2,449
Grants and Other Health	93,702
Total Health	<u>109,312</u>
Human Services	
Veterans Services	176,992
Job & Family Services Mandate	260,145
Total Human Services	<u>437,137</u>
Conservation & Recreation	
Agriculture	327,816
Museum	165,280
Grants	120,105
Total Conservation & Recreation	<u>613,201</u>
Total General Fund Expenditures	<u><u>\$14,026,738</u></u>