



Mary Taylor, CPA
Auditor of State

**FINANCIAL CONDITION
DARKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis – December 31, 2008.....	11
Statement of Activities – For the Year Ended December 31, 2008	12
Fund Financial Statements:	
Governmental Funds:	
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	14
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances – Governmental Funds - For the Year Ended December 31, 2008.....	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund - For the Year Ended December 31, 2008	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – Auto License and Gas Tax Fund - For the Year Ended December 31, 2008	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – MRDD Fund - For the Year Ended December 31, 2008	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – Job and Family Services - For the Year Ended December 31, 2008	19
Proprietary Funds:	
Statement of Fund Net Assets - Modified Cash Basis – Enterprise Funds - As of December 31, 2008.....	20
Statement of Revenues, Expenses and Changes in Fund Net Assets - Modified Cash Basis - Enterprise Funds – For the Year Ended December 31, 2008	21
Statement of Cash Flows – Enterprise Funds – For the Year Ended December 31, 2008	22

**FINANCIAL CONDITION
DARKE COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Basic Financial Statements: (Continued)	
Fiduciary Funds:	
Statement of Fiduciary Net Assets – Modified Cash Basis – Agency Funds - As of December 31, 2008	23
Notes to the Basic Financial Statements	25
Schedule of Federal Awards Expenditures – For the Year Ended December 31, 2008	53
Notes to Schedule of Federal Awards Expenditures – For the Year Ended December 31, 2008.....	55
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance In Accordance with OMB Circular A-133	59
Schedule of Findings OMB Circular A-133	61
Status of Prior Audit Finding	63



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Darke County Auditor
Darke County Commissioners
Darke County Treasurer
504 South Broadway Street
Greenville, Ohio 45331

To the Elected Officials:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely present component unit and aggregate remaining fund information of Darke County, (the County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit Note 20 which is included as the discretely presented component unit and aggregate remaining fund information. Note 20 was audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to Note 20, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 and the report of the other auditors provide a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, with the exception of Wayne Industries, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to previously present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and aggregate remaining fund information of Darke County, as of December 31, 2008, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Auto License and Gas Tax Fund, MRDD Fund, and Job and Family Services Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during the year ended December 31, 2008, the County changed its accounting basis from generally accepted accounting principles (GAAP) to cash accounting in the GASB 34 format.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditure schedule is required by 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. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 6, 2009

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

This discussion and analysis of the Darke County (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2008, within the limitations of the County's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

Financial Highlights

Key highlights for 2008 are as follows:

- Total net assets of governmental activities were \$15,959,365. Net assets of governmental activities increased \$71,972, which is less than 1 percent.
- General governmental receipts accounted for \$18,401,757, or 45% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$22,944,853 or 55% of all receipts of governmental activities of \$41,346,610.
- The County had \$41,258,161 in cash disbursements related to governmental activities; only \$22,944,853 of these disbursements were offset by program specific charges for services, grants or contributions.
- Among major funds, the general fund had \$14,189,678 in receipts and \$14,470,064 in disbursements. The general fund's fund balance decreased \$280,386, or approximately 13% to a balance of \$1,827,954.
- Net assets for the enterprise funds increased \$37,371, or about 5 percent.

Overview Of The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the County's modified cash basis of accounting. It consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the County.

These statements are as follows:

1. The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the County's overall financial status.
2. The Fund Financial Statements – These statements focus on individual parts of the County, reporting the County's operation in more detail than the government-wide statements.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The County has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the County's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the County as a Whole

The government-wide statements report information about the County as a whole, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the County at year-end. The statement of activities compares cash disbursements with program receipts for the County's programs. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the program.

These statements report the County's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the County's financial health. Over time, increases or decreases in the County's cash position is one indicator of whether the County's financial health is improving or deteriorating. When evaluating the County's financial condition, you should also consider other nonfinancial factors as well such as the County's tax base and the condition of the County's capital assets and the reliance on non-local financial resources for operations.

In the Government-wide Statement of Net Assets and Statement of Activities, the County is divided into two kinds of activities.

Governmental Activities – Most of the County's programs and services are reported here including public safety, health, human services, economic development and assistance, public works, general government, capital outlay and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expense of the goods or services provided. The County's sewer services, solid waste treatment and adult daycare services are reported as business-type activities.

Fund Financial Statements

Fund financial statements provide more detailed information about the County's most significant funds – not the County as a whole. The County establishes separate funds to better manage its activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The fund financial statements provide a detailed view of the County's operations and the basic services it provides. Fund information helps determine whether there are more or less financial resources that can be spent to finance the County's activities. The County's significant funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Governmental Funds - Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end that are available for spending in future periods. The County's major governmental funds are the General Fund, the Job and Family Services Fund, the Auto License and Gas Tax Fund and the MRDD Fund.

Enterprise Funds - When the County charges users for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. The enterprise funds are reported as business-type activities on the entity-wide statement of net assets and statement of activities. The County does not have any major enterprise funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government in purely a custodial nature. These activities are not included on the entity-wide statements because the assets cannot be utilized by the County to finance its operations.

Financial Analysis Of The County As A Whole

Table 1 provides a summary of the County's net assets for 2008 compared to 2007 on a modified cash basis:

**Table 1
Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	FY 08	FY 07	FY 08	FY 07	FY 08	FY 07
Assets						
Cash and Investments	\$15,959,365	\$15,887,393	\$857,129	\$819,758	\$16,816,494	\$16,707,151
Total Assets	<u>15,959,365</u>	<u>15,887,393</u>	<u>857,129</u>	<u>819,758</u>	<u>16,816,494</u>	<u>16,707,151</u>
Net Assets						
Restricted for:						
Other Purposes	12,629,478	12,753,294			12,629,478	12,753,294
Debt Service	(3,581)	15			(3,581)	15
Capital Outlay	1,476,931	1,024,085			1,476,931	1,024,085
Unrestricted	1,856,537	2,111,954	857,129	819,758	2,713,666	2,931,712
Total Net Assets	<u>\$15,959,365</u>	<u>\$15,889,348</u>	<u>\$857,129</u>	<u>\$819,758</u>	<u>\$16,816,494</u>	<u>\$16,709,106</u>

Total net assets increased \$109,343. Net assets of governmental activities increased \$71,972 (less than 1 percent during 2008).

Net assets of business-type activities increased \$37,371, or about 5 percent.

Table 2 reflects the changes in net assets in fiscal year 2008. Since this is the first year that the County has prepared the financial statements in this format, comparisons to the prior year are not available. Next year, when comparative data is available, it will be shown.

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets**

	Governmental Activities 2008	Business-Type Activities 2008	Total 2008
Receipts:			
Program Receipts:			
Charges for Services	\$ 7,825,746	\$381,847	\$ 8,207,593
Operating Grants, Contributions and Interest	15,007,900		15,007,900
Capital Grants and Contributions	111,207	17	111,224
Total Program Receipts	<u>22,944,853</u>	<u>381,864</u>	<u>23,326,717</u>
General Receipts:			
Property Taxes	4,828,386		4,828,386
Sales Taxes	7,218,594		7,218,594
Grants and Entitlements	1,622,691		1,622,691
Investment Earnings	655,459		655,459
Other	156,152	16,736	172,888
Proceeds and premium on debt issues	3,920,475	55,799	3,976,274
Total General Receipts	<u>18,401,757</u>	<u>72,535</u>	<u>18,474,292</u>
Total Receipts	<u>41,346,610</u>	<u>454,399</u>	<u>41,801,009</u>
Disbursements:			
General Government:			
Legislative and Executive	6,497,359		6,497,359
Judicial	2,862,089		2,862,089
Public Safety	4,311,521		4,311,521
Public Works	5,717,684		5,717,684
Health	349,320		349,320
Human Services	14,815,186		14,815,186
Economic Development	587,619		587,619
Intergovernmental	400,369		400,369
Capital Outlay	1,942,225		1,942,225
Debt Service:			
Principal	3,402,813		3,402,813
Interest and Fiscal Charges	371,976		371,976
Sewer		151,555	151,555
Solid Waste		238,789	238,789
Adult Daycare		43,161	43,161
Total Disbursements	<u>41,258,161</u>	<u>433,505</u>	<u>41,691,666</u>
Increase in Net Assets before Transfers	88,449	20,894	109,343
Transfers	(16,477)	16,477	
Increase in Net Assets	71,972	37,371	109,343
Beginning Net Assets (Restated)	15,887,393	819,758	16,707,151
Ending Net Assets	<u>\$15,959,365</u>	<u>\$857,129</u>	<u>\$16,816,494</u>

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Governmental Activities

Net assets of the County's governmental activities increased \$71,972, which is less than 1 percent.

The following table shows total receipts by source for 2008:

<u>Revenue Sources</u>	<u>2008</u>	<u>Percent of Total</u>
Unrestricted grants and entitlements	\$ 1,622,691	3.92%
Program Revenues	22,944,853	55.49%
General Tax Revenues	12,046,980	29.15%
General Other	811,611	1.96%
Proceeds from Sale of Notes	3,920,475	9.48%
Total Revenue	<u>\$41,346,610</u>	<u>100.00%</u>

Tax receipts accounted for \$12,046,980 of the \$41,346,610 in total receipts for governmental activities. Sales tax accounted for \$7,218,594, or approximately 60 percent of the total tax receipts, with property taxes making up the other 40 percent.

The program revenues are made up of \$7,825,746 in direct charges to users of governmental services and \$15,119,107 in grants and contributions restricted to specific programs.

The proceeds of sale of notes of \$3,920,475, is not all new debt for the County. The County rolled over the two Wagner Avenue Government Center notes during 2008. The principal amount of the old debt was paid and new notes issued. \$3,155,952 of the note proceeds are from these note rollovers, with \$764,523 representing new debt of the County. The County's debt obligations are discussed in the debt section of this management's discussion and analysis and also in Note 12 to the financial statements.

Human Services disbursements accounted for the largest share of disbursements at approximately 36 percent of total cash disbursements for 2008. General government legislative and executive disbursements accounted for the next largest share of disbursements with 23 percent of the total, followed by public works with 14 percent, and public safety with 10 percent.

Business-Type Activities

Net assets for business-type activities increased by \$37,371 during 2008. Charges for services were the largest source of receipts, accounting for about 84 percent of total business-type activities receipts. Another 12 percent of receipts were from an OWDA loan in the Sewer Fund, and the other 4 percent were miscellaneous receipts.

Statement of Activities

If you look at the Statement of Activities on page 14, you will see that the first column lists the major programs of the County. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the County that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings. Since this is the first year the County has reported in this format, prior year information is not available. In future years, comparative information will be shown.

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

(Table 3)

	Governmental Activities	
	2008	
	Total Cost of Services	Net Cost of Services
General Government:		
Legislative and Executive	\$ 6,497,359	\$ 3,482,176
Judicial	2,862,089	1,217,058
Public Safety	4,311,521	3,450,631
Public Works	5,717,684	(17,106)
Health	349,320	179,533
Human Services	14,815,186	4,154,850
Economic Development	587,619	(44,835)
Intergovernmental	400,369	368,606
Capital Outlay	1,942,225	1,747,606
Debt Service:		
Principal Retirement	3,402,813	3,402,813
Interest and Fiscal Charges	371,976	371,976
Total Disbursements	<u>\$41,258,161</u>	<u>\$18,313,308</u>

Charges for services, operating grants and capital grants of about 55 percent of total cash receipts were received and used to fund the expenses of the County. The remaining 45 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings and miscellaneous receipts. The County relies on these receipts to furnish the services it provides to residents.

Financial Analysis Of The County's Funds

Information about the County's major governmental funds begins on page 14. All governmental funds had total receipts of \$44,680,771 and total disbursements of \$44,608,799. The General Fund is the chief operating fund of the County. At the end of 2008, the fund balance of the general fund was \$1,827,954 and the unreserved fund balance was \$1,676,333. The greatest change within the major funds occurred in the General Fund which had a decrease in fund balance of \$280,386, attributed to the phase-out of Personal Property Tax.

The Auto License and Gas Tax Fund balance remained stable with a decrease of \$6,169 or less than 1 percent. The MRDD Fund balance decreased \$86,087, or 3 percent, and the Job and Family Services Fund balance decreased \$31,805, or 11 percent due to State funding cuts. The non-major governmental funds had an increase in fund balance of \$476,419 due to an increase in fees. Information about the County's enterprise funds begins on page 20. The enterprise funds reported an operating loss of \$33,232 for 2008. However, the OWDA loan receipts in the Sewer Fund are reported under non-operating revenues and the cash disbursements associated with this loan are reported under operating expenses. The enterprise funds had an increase in net assets of \$37,371 for 2008.

Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. The Board of County Commissioners adopts the budget at the department level within each fund of the County.

During 2008, the General Fund had original appropriations of \$15,725,762 and final appropriations of \$15,801,551. Actual expenditures plus encumbrances were \$14,672,950.

**FINANCIAL CONDITION
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Capital Assets And Debt Administration

Capital Assets

The County does not report capital assets on its modified cash basis financial statements. The County does track capital assets for insurance and internal purposes.

Debt

At December 31, 2008, Darke County had \$7,952,180 in governmental debt outstanding, and \$54,109 in business-type activities debt.

**Table 4
Outstanding Debt at Year End**

	Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
General Obligation Bonds	\$3,525,000	\$3,645,000		
Long-Term TIF Notes	652,180	545,470		
Bond Anticipation Notes	3,775,000	3,250,000		
OWDA Loan			\$54,109	
Totals	\$7,952,180	\$7,440,470	\$54,109	\$0

See Note 12 of the notes to the basic financial statements for more detailed information.

Current Financial Issues And Concerns

The economic downturn that the County has recently experienced certainly had an impact on all levels of state and local government. The County's budget for the General Fund in 2009 is very conservative. Total revenues are projected to be almost 2.08% less than what was actually received in 2008. Included in this percentage is the ¼% sales tax that was previously under capital projects, but is now being paid into the General Fund. At this time the County Treasurer expects there to be a decrease in the investment earnings for 2009.

This conservative budget is a reflection of a volatile economic climate. In 2008, Darke County welcomed the opening of the largest ethanol plant in Ohio. The Andersons Marathon Ethanol, LLC opened their plant in February creating 45 full and part-time jobs in Darke County. They have also created an additional market for our corn growers.

Wayne Hospital broke ground on a new \$47 million expansion. The new expansion adjoins the existing hospital to create 40 thousand additional square feet to the facility. With this expansion comes a state of the art Emergency Center and expanded in-house MRI capabilities.

Also in 2008, Whirlpool Corporation added a new 327,000 square-foot warehouse to their Kitchenaid Way facility. It is expected to employ 40 employees to operate the facility.

Requests For Information

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County's finances and to reflect the County's accountability for the money it receives. If you have questions about this report or need additional information, contact Carol Ginn, Auditor of Darke County.

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**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$15,144,719	\$857,129	\$16,001,848
Cash in Segregated Accounts	413,794		413,794
Cash with Fiscal Agent	390,852		390,852
Investments in Segregated Accounts	10,000		10,000
Total Assets	<u>15,959,365</u>	<u>857,129</u>	<u>16,816,494</u>
Net Assets			
Restricted for:			
Debt Service	(3,581)		(3,581)
Capital Outlay	1,476,931		1,476,931
Other Purposes	12,629,478		12,629,478
Unrestricted	<u>1,856,537</u>	<u>857,129</u>	<u>2,713,666</u>
Total Net Assets	<u>\$15,959,365</u>	<u>\$857,129</u>	<u>\$16,816,494</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
General Government:				
Legislative and Executive	\$6,497,359	\$2,712,819	\$302,364	
Judicial	2,862,089	1,438,191	206,840	
Public Safety	4,311,521	312,569	548,321	
Public Works	5,717,684	527,148	5,207,642	
Health	349,320	168,054	1,733	
Human Services	14,815,186	2,445,121	8,215,215	
Economic Development and Assistance	587,619	135,636	496,818	
Intergovernmental	400,369	2,796	28,967	
Capital Outlay	1,942,225	83,412		\$111,207
Debt Service:				
Principal Retirement	3,402,813			
Interest and Fiscal Charges	371,976			
Total Governmental Activities	<u>41,258,161</u>	<u>7,825,746</u>	<u>15,007,900</u>	<u>111,207</u>
Business-type activities:				
Sewer	151,555	103,896		17
Solid Waste	238,789	242,241		
Adult Daycare	43,161	35,710		
Total business-type activities	<u>433,505</u>	<u>381,847</u>		<u>17</u>
Total primary government	<u>\$41,691,666</u>	<u>\$8,207,593</u>	<u>\$15,007,900</u>	<u>\$111,224</u>

General Revenues:

Property Taxes Levied for:

General Purposes

Other Purposes

Sales Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Payment in Lieu of Taxes

Proceeds of Notes

Premium on Notes Issued

Proceeds of Loan

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,482,176)		(\$3,482,176)
(1,217,058)		(1,217,058)
(3,450,631)		(3,450,631)
17,106		17,106
(179,533)		(179,533)
(4,154,850)		(4,154,850)
44,835		44,835
(368,606)		(368,606)
(1,747,606)		(1,747,606)
(3,402,813)		(3,402,813)
(371,976)		(371,976)
<u>(18,313,308)</u>		<u>(18,313,308)</u>
	(\$47,642)	(47,642)
	3,452	3,452
	(7,451)	(7,451)
	<u>(51,641)</u>	<u>(51,641)</u>
<u>(18,313,308)</u>	<u>(51,641)</u>	<u>(18,364,949)</u>
2,349,581		2,349,581
2,478,805		2,478,805
7,218,594		7,218,594
1,622,691		1,622,691
655,459		655,459
120,930		120,930
3,914,523		3,914,523
5,952		5,952
	55,799	55,799
35,222	16,736	51,958
(16,477)	16,477	
<u>18,385,280</u>	<u>89,012</u>	<u>18,474,292</u>
71,972	37,371	109,343
<u>15,887,393</u>	<u>819,758</u>	<u>16,707,151</u>
<u>\$15,959,365</u>	<u>\$857,129</u>	<u>\$16,816,494</u>

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2008**

	General	Auto License and Gas Tax	MRDD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,490,345	\$5,107,674	\$2,394,189	\$246,251	\$5,906,260	\$15,144,719
Cash and Cash Equivalents in Segregated Accounts	337,609				76,185	413,794
Cash and Cash Equivalents with Fiscal Agents			390,852			390,852
Investments in Segregated Accounts					10,000	10,000
Interfund Receivable						
Total Assets	<u>1,827,954</u>	<u>5,107,674</u>	<u>2,785,041</u>	<u>246,251</u>	<u>5,992,445</u>	<u>15,959,365</u>
Fund Balances						
Reserved for Encumbrances	151,621	78	103,727	7,000	1,154,251	1,416,677
Reserved for Endowments			99,015			99,015
Unreserved:						
Unreserved, undesignated reported in:						
Undesignated, Reported in:						
General Fund	1,676,333					1,676,333
Special Revenue Funds		5,107,596	2,582,299	239,251	3,893,094	11,822,240
Debt Service Fund					2	2
Capital Projects Funds					945,098	945,098
Total Fund Balances	<u>\$1,827,954</u>	<u>\$5,107,674</u>	<u>\$2,785,041</u>	<u>\$246,251</u>	<u>\$5,992,445</u>	<u>\$15,959,365</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Auto License and Gas Tax	MRDD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Taxes	\$2,349,581		\$2,478,805			\$4,828,386
Permissive Sales Tax	7,218,594					7,218,594
Intergovernmental	1,555,799	\$4,762,520	2,015,963	\$4,114,455	\$3,744,859	16,193,596
Charges for Services	1,643,681	418,837	545,512	986,824	2,878,812	6,473,666
Licenses and Permits	95,227				154,275	249,502
Fines and Forfeitures	476,139				75,242	551,381
Special Assessments					245,280	245,280
Interest	655,459	208,466	4,126	1,131	14,572	883,754
Payments in Lieu of Taxes	120,930					120,930
Other	55,009	40,081	1,259	163,695	400,902	660,946
Total Revenues	14,170,419	5,429,904	5,045,665	5,266,105	7,513,942	37,426,035
Expenditures						
Current:						
General Government:						
Legislative and Executive	5,345,509				1,239,552	6,585,061
Judicial	1,697,863				1,164,226	2,862,089
Public Safety	3,902,996				320,823	4,223,819
Public Works	21,684	5,436,073			259,927	5,717,684
Health	188,922				160,398	349,320
Human Services	335,169		5,081,982	5,391,246	4,006,789	14,815,186
Economic Development					587,619	587,619
Intergovernmental	400,369					400,369
Capital Outlay					1,942,225	1,942,225
Debt Service:						
Principal Retirement					3,402,813	3,402,813
Interest and Fiscal Charges					371,976	371,976
Total Expenditures	11,892,512	5,436,073	5,081,982	5,391,246	13,456,348	41,258,161
Excess of Revenues Over (Under) Expenditures	2,277,907	(6,169)	(36,317)	(125,141)	(5,942,406)	(3,832,126)
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	100					100
Proceeds from Sale of Notes					3,914,523	3,914,523
Premium on Notes Issued					5,952	5,952
Advances - In	7,212		3,386		179,053	189,651
Advances - Out	(32,181)		(3,156)		(154,314)	(189,651)
Transfers - In	11,947			93,336	3,039,227	3,144,510
Transfers - Out	(2,545,371)		(50,000)		(565,616)	(3,160,987)
Total Other Financing Sources (Uses)	(2,558,293)		(49,770)	93,336	6,418,825	3,904,098
Net Change in Fund Balances	(280,386)	(6,169)	(86,087)	(31,805)	476,419	71,972
Fund Balances Beginning of Year - Restated (See Note 3)	2,108,340	5,113,843	2,871,128	278,056	5,516,026	15,887,393
Fund Balances End of Year	\$1,827,954	\$5,107,674	\$2,785,041	\$246,251	\$5,992,445	\$15,959,365

See accompanying notes to the basic financial statements.

DARKE COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues				
Property and Other Taxes	\$2,321,500	\$2,321,500	\$2,349,581	\$28,081
Permissive Sales Tax	7,250,000	7,250,000	7,218,594	(31,406)
Intergovernmental	1,344,972	1,344,972	1,555,799	210,827
Charges for Services	1,522,651	1,573,704	1,563,080	(10,624)
Licenses and Permits	92,150	96,700	95,227	(1,473)
Fines and Forfeitures	477,211	477,211	476,139	(1,072)
Interest	570,700	570,700	652,857	82,157
Payments in Lieu of Taxes	120,930	120,930	120,930	
Other	87,650	107,836	55,009	(52,827)
Total Revenues	<u>13,787,764</u>	<u>13,863,553</u>	<u>14,087,216</u>	<u>223,663</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	5,825,336	5,838,484	5,444,756	393,728
Judicial	1,887,909	1,894,108	1,788,786	105,322
Public Safety	3,943,057	3,983,057	3,915,314	67,743
Public Works	23,181	23,541	21,684	1,857
Health	230,380	230,380	189,320	41,060
Human Services	455,105	455,105	335,169	119,936
Intergovernmental	353,061	411,191	400,369	10,822
Total Expenditures	<u>12,718,029</u>	<u>12,835,866</u>	<u>12,095,398</u>	<u>740,468</u>
Excess of Revenues Under Expenditures	<u>1,069,735</u>	<u>1,027,687</u>	<u>1,991,818</u>	<u>964,131</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,500	1,500	100	(1,400)
Advances In	3,614	3,614	7,212	3,598
Advances Out		(32,181)	(32,181)	
Transfers In	110,886	110,886	11,947	(98,939)
Transfers Out	(3,007,733)	(2,933,504)	(2,545,371)	388,133
Total Other Financing Sources (Uses)	<u>(2,891,733)</u>	<u>(2,849,685)</u>	<u>(2,558,293)</u>	<u>291,392</u>
Net Change in Fund Balance	(1,821,998)	(1,821,998)	(566,475)	1,255,523
Fund Balance Beginning of Year	1,797,028	1,797,028	1,797,028	
Prior Year Encumbrances Appropriated	<u>24,968</u>	<u>24,968</u>	<u>24,968</u>	
Fund Balance End of Year	<u>(\$2)</u>	<u>(\$2)</u>	<u>\$1,255,521</u>	<u>\$1,255,523</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
AUTO LICENSE AND GAS TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$4,822,424	\$4,822,424	\$4,762,520	(\$59,904)
Charges for Services	420,000	420,000	418,837	(1,163)
Interest	275,000	275,000	208,466	(66,534)
Other	15,000	15,000	40,081	25,081
Total Revenues	<u>5,532,424</u>	<u>5,532,424</u>	<u>5,429,904</u>	<u>(102,520)</u>
Expenditures				
Current:				
Public Works	<u>6,919,212</u>	<u>6,919,212</u>	<u>5,436,151</u>	<u>1,483,061</u>
Excess of Revenues Under Expenditures	(1,386,788)	(1,386,788)	(6,247)	1,380,541
Fund Balance at Beginning of Year	5,102,800	5,102,800	5,102,800	
Prior Year Encumbrances Appropriated	<u>11,043</u>	<u>11,043</u>	<u>11,043</u>	
Fund Balance at End of Year	<u><u>\$3,727,055</u></u>	<u><u>\$3,727,055</u></u>	<u><u>\$5,107,596</u></u>	<u><u>\$1,380,541</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
MRDD FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$2,502,600	\$2,478,900	\$2,478,805	(\$95)
Intergovernmental	1,973,543	1,898,088	1,844,403	(53,685)
Charges for Services	597,500	597,500	508,721	(88,779)
Interest	5,500	4,149	4,126	(23)
Other	5,500	5,500	6,158	658
Total Revenues	<u>5,084,643</u>	<u>4,984,137</u>	<u>4,842,213</u>	<u>(141,924)</u>
Expenditures				
Current:				
Human Services	<u>5,673,187</u>	<u>5,673,187</u>	<u>5,041,301</u>	<u>631,886</u>
Excess of Revenues Under Expenditures	<u>(588,544)</u>	<u>(689,050)</u>	<u>(199,088)</u>	<u>489,962</u>
Other Financing Sources (Uses)				
Advances - In	480,730	5,730	3,387	(2,343)
Transfers - Out	(50,000)	(50,000)	(50,000)	
Advances - Out	<u>(480,500)</u>	<u>(480,500)</u>	<u>(3,156)</u>	<u>477,344</u>
Total Other Financing Sources (Uses)	<u>(49,770)</u>	<u>(524,770)</u>	<u>(49,769)</u>	<u>475,001</u>
Net Change in Fund Balance	(638,314)	(1,213,820)	(248,857)	964,963
<i>Fund Balance at Beginning of Year</i>	2,469,841	2,469,841	2,469,841	
Prior Year Encumbrances Appropriated	<u>32,687</u>	<u>32,687</u>	<u>32,687</u>	
Fund Balance at End of Year	<u>\$1,864,214</u>	<u>\$1,288,708</u>	<u>\$2,253,671</u>	<u>\$964,963</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON- GAAP BASIS) AND ACTUAL
JOB AND FAMILY SERVICES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,132,762	\$4,363,190	\$4,114,455	(\$248,735)
Charges for Services	835,000	835,000	979,771	144,771
Interest	300	1,131	1,131	
Other	161,000	161,000	163,695	2,695
Total Revenues	<u>5,129,062</u>	<u>5,360,321</u>	<u>5,259,052</u>	<u>(101,269)</u>
Expenditures				
Current:				
Human Services	<u>5,273,765</u>	<u>5,555,209</u>	<u>5,398,246</u>	<u>156,963</u>
Excess of Revenues Under Expenditures	(144,703)	(194,888)	(139,194)	55,694
Other Financing Source				
Transfers - In	<u>93,336</u>	<u>93,336</u>	<u>93,336</u>	
Net Change in Fund Balance	(51,367)	(101,552)	(45,858)	55,694
Fund Balance at Beginning of Year	<u>278,056</u>	<u>278,056</u>	<u>278,056</u>	
Fund Balance at End of Year	<u>\$226,689</u>	<u>\$176,504</u>	<u>\$232,198</u>	<u>\$55,694</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
ENTERPRISE FUNDS
AS OF DECEMBER 31, 2008**

	<u>Enterprise Funds</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$857,129</u>
Net Assets	
Unrestricted	<u>\$857,129</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
MODIFIED CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2008**

	Total
Operating Revenues	
Charges for Services	\$381,847
Other	16,736
Total Operating Revenues	398,583
 Operating Expenses	
Personal Services	132,468
Contractual Services	206,889
Materials and Supplies	19,991
Capital Outlay	38,252
Other	34,215
Total Operating Expenses	431,815
 Operating Loss	(33,232)
 Non-Operating Revenues (Expenses)	
Principal Retirement	(1,690)
Proceeds of Loan	55,799
Total Non-Operating Revenues (Expenses)	54,109
 Income Before Contributions, Transfers and Advances	20,877
 Special Assessments	17
Transfers In	16,804
Transfers Out	(327)
	37,371
 Change in Net Assets	37,371
 Net Assets Beginning of Year - Restated (See Note 3)	819,758
 Net Assets End of Year	\$857,129

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers and Support	\$381,847
Cash Received from Other Operating Receipts	16,736
Cash Payments for Employee Services and Benefits	(132,468)
Cash Payments to Suppliers	(206,889)
Cash Payments for Other Operating Expenses	(92,458)
Net Cash Used in Operating Activities	<u>(33,232)</u>
Cash Flows from Noncapital Financing Activities	
Transfers - In	16,804
Transfers - Out	(327)
Net Cash Provided by Noncapital Financing Activities	<u>16,477</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds of Loan	55,799
Special Assessments	17
Loan Interest Payment	(1,690)
Net Cash Provided by Capital and Related Financing Activities	<u>54,126</u>
Net Increase in Cash and Cash Equivalents	37,371
Cash and Cash Equivalents Beginning of Year	<u>819,758</u>
Cash and Cash Equivalents End of Year	<u><u>\$857,129</u></u>

**FINANCIAL CONDITION
DARKE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS
AGENCY FUNDS
AS OF DECEMBER 31, 2008**

	<u>Agency</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,990,205
Cash and Cash Equivalents in Segregated Accounts	409,423
Investments in Segregated Accounts	<u>75,000</u>
Total Assets	<u>2,474,628</u>
 Liabilities	
Undistributed Monies	<u>\$2,472,628</u>

See accompanying notes to the basic financial statements.

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**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Darke County, Ohio (The County) was created in 1809 when it detached from Miami County but was not organized until 1817. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County who manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecutor, Sheriff, a Common Pleas Court Judge, one Municipal Court Judge and a joint Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the County, including the departments of the elected officials noted above.

A. Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Darke County, this includes the Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, County Home, the Darke County Veterans Services, and all departments and activities that are directly operated by the elected County Officials. The County owns and operates a wastewater treatment and collection system, which is reported as an enterprise fund. In addition, Darke County (the primary government) has one component unit, Wayne Industries.

Component units are legally separate organizations for which the County is financially accountable, or for which the County is not financially accountable but the nature and significance of the County's relationship with the separate organization is such that it is required to be presented as a component unit. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. Organizations for which the County is not financially accountable are component units of the County if (1) economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the County or its constituents, (2) the County is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the organization and (3) the economic resources received or held by the organization are significant to the County.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

1. DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Wayne Industries

Wayne Industries is a legally separate, not-for-profit corporation served by a board appointed by the Darke County Board of MRDD. The workshop, under contractual agreement with the Darke County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for the mentally retarded or handicapped individuals in Darke County. The Darke County Board of MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Wayne Industries. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Darke County, the workshop is a component unit of Darke County. Information about Wayne Industries is presented in Note 20 to the basic financial statements. Separately issued financial statements may be obtained from Wayne Industries at 5844 Jaysville-St. Johns Road, Greenville, Ohio 45331.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of separate agencies, board and commissions listed below, the County serves as the fiscal agent but is not financially accountable. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements:

- Darke County General Health District
- Darke County Emergency Management Agency
- Darke County Soil Conservation District
- Darke County Law Library
- Darke County Park District
- Darke County Family and Children First Council

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, and Insurance Purchasing Pools. The organizations are discussed in Notes 14, 15 and 13 to the basic financial statements. These organizations are:

Joint Venture:

- Darke County Emergency Management Agency (EMA)

Jointly Governed Organizations:

- Tri-County Board of Recovery and Mental Health Services (Tri-County Mental Health Board)
- Miami Valley Regional Planning Commission (MVRPC)
- West Central Ohio Network (West Con)

Insurance Purchasing Pools:

- County Risk Sharing Authority, Incorporated (CORSA)
- County Commissioners' Association of Ohio Worker's Compensation Group Rating Program (CCAOSC)

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although Ohio Administrative Code Section 117-2-03 (B) requires the County's financial report to follow generally accepted accounting principles, the County chooses to prepare its financial statements and notes in accordance with the modified cash-basis of accounting.

This basis of accounting is similar to the cash receipts and disbursements basis. The County recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

The County also reports long-term investments as assets, valued at cost.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the year, and non-budgeted activity of some of the department's off-book cash accounts. Differences between receipts reported in the fund and entity wide statements versus budgetary receipts are due to unrecorded cash at the beginning and end of the year, and activity of West-Con on behalf of the Darke County MRDD.

Adjustments necessary to convert the changes in fund balance on a budgetary basis to the changes in fund balances on the modified cash basis for the General Fund, the Public Assistance Fund, the Auto License and Gas Fund and the MRDD Fund are as follows:

Net Change in Fund Balance				
	General	Auto License and Gas	MRDD	Job and Family Services
Modified Cash Basis	(\$280,386)	(\$6,169)	(\$ 86,087)	(\$31,805)
Unrecorded Cash on Hand	(83,203)		(36,791)	(7,053)
Non-Budgeted Activity	(51,265)		(22,253)	
Encumbrances	(151,621)	(78)	(103,727)	(7,000)
Budget Basis	(\$566,475)	(\$6,247)	(\$248,857)	(\$45,858)

A. Basis of Presentation - Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The County classifies each fund as either governmental, proprietary or fiduciary.

1. Governmental Fund Types

The County classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the County's major governmental funds:

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund - The General Fund is the chief operating fund of County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Auto License and Gas Tax Fund – This fund is used to account for the revenues derived from motor vehicle license tax fees and fuel taxes. Expenditures are restricted to road and bridge construction, maintenance and repairs.

MRDD Fund – This fund is used to account for funds obtained from various tax levies, grants and other sources to provide MR/DD services.

Job and Family Services Fund – This fund is used to account for various federal and state grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance, and for certain public social services.

The other governmental funds of the County account for grants and other resources whose use is restricted to a particular purpose.

2. Proprietary Funds

Certain County funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The County classifies these as enterprise funds.

The County does not have any major enterprise funds. The County's enterprise funds account for sewer service, solid waste collection and disposal and the adult daycare center.

Fiduciary Funds: Fiduciary funds account for cash and investments where the County is acting as trustee or fiscal agent for other entities or individuals.

The County's only fiduciary funds are agency funds. Agency funds are custodial in nature, where the County deposits and pays cash as directed by another entity or individual.

B. Basis of Presentation

The County's basic financial statements consist of a government-wide statement of net assets and statement of activities, and fund financial statements providing more detailed financial information.

1. Government-wide Financial Statement of Net Assets and Statement of Activities

These statements display information about the County as a whole, except for fiduciary funds. The statements report governmental activities separately from business-type activities.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide statement of activities compares disbursements with program receipts for each segment of the County's business-type activities and for each program of the County's governmental activities. These disbursements are specifically associated with a service, program or department and are therefore clearly identifiable to a particular program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the modified-cash basis or draws from the County's general receipts.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions directly relating to the funds' principal services, such as charges for services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

2. Fund Financial Statements

Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Cash, Cash Equivalents and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are presented as "Cash and Cash Equivalents in Segregated Accounts" on the financial statements. Investments with an initial maturity of more than three months that are held separately within departments of the County and not held with the County Treasurer are presented as "Investments in Segregated Accounts" on the financial statements. Cash and cash equivalents that are held at WestCon on behalf of Darke County are presented as "Cash and cash equivalents with Fiscal Agents" on the financial statements.

The County values investments and cash equivalents at cost. During 2008, the County invested in non-negotiable certificates of deposit.

Following Ohio statutes, the Board of Commissioners has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2008 was \$655,459, including \$596,815 assigned from other County funds.

For presentation on the financial statements and in the notes to the basic financial statements, investments with an original maturity of three months or less when purchased and investments purchased from the pool are deemed cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Inventory

On the modified cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

E. Prepaid Items

On the modified cash-basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as disbursements when made.

F. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

G. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's modified-cash basis of accounting.

H. Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash-basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

I. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances and endowments.

J. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The County first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Permanent nonexchange flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

L. Budgetary Data

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Commissioners may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Commissioners uses the object level within each fund and department as its legal level of control.

The certificate of estimated resources may be amended during the year if the County Auditor projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

M. Reservations of Fund Balance

Reservations of fund balance indicate that a portion of the balance is not available for expenditure or is legally segregated for a specific future use. Balances are reserved for encumbrances and endowments.

N. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the county, these revenues are adult daycare fees and sewer and water treatment and distribution fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/NET ASSETS

For 2008, the County has prepared its financial statements on the modified –cash basis of accounting and put them into a GASB 34 look-alike format. The following changes to fund balances were the result of converting from generally accepted accounting principles (GAAP) to modified-cash accounting in the GASB 34 format:

Fund Balances	Previously reported Balance 12/31/07	Restatement	Restated Balance at 12/31/07
General Fund	\$ 3,252,173	(\$1,143,833)	\$ 2,108,340
Auto License and Gas Tax Fund	6,273,509	(1,159,666)	5,113,843
MRDD Fund	2,321,625	549,503	2,871,128
Job and Family Services Fund	636,805	(358,749)	278,056
WAGC Permanent Improvement Fund**	(3,334,100)	3,334,100	
Other Governmental Funds	7,060,146	(1,544,120)	5,516,026
Total Governmental Funds	<u>\$16,210,158</u>	<u>(\$ 322,765)</u>	<u>\$15,887,393</u>
Enterprise Funds	\$ 895,557	(\$ 75,799)	\$ 819,758

**The WAGC Permanent Improvement Fund is no longer presented as a major fund for 2008.

Governmental Activities	\$96,026,224	(\$80,138,831)	\$15,887,393
Business-Type Activities	895,557	(75,799)	819,758
Total Government-Wide	<u>\$96,921,781</u>	<u>(\$80,214,630)</u>	<u>\$16,707,151</u>
Fiduciary Net Assets	\$33,791,757	(\$31,535,163)	\$ 2,256,594

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the County into three categories.

Category 1 consists of “active” funds – those funds required to be kept in “cash” or “cash equivalent” status for immediate use by the County. Such funds must be maintained either as cash in the County Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds – those funds not required for use within the current five year period of designation of depositories. Inactive funds must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Category 3 consists of “interim” funds – those funds not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be deposited or invested in the following securities.

Interim monies may be deposited or invested in the following securities:

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Interim deposits in eligible institutions applying for interim funds;
5. Bond and other obligations of the State of Ohio;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information discloses the risks associated with the County's deposits and investments as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

At December 31, 2008, the County had \$528,628 in undeposited cash on hand with the Treasurer and in various departments.

A. Deposits

At December 31, 2008, the book balance of the County's deposits was \$18,371,642 and the bank balance was \$20,183,937.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the County places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

The government does not have a deposit policy for custodial credit risk. As of December 31, 2008, \$11,585,248 of the government's bank balance of \$20,183,937 was exposed to custodial credit risk in that it was uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the County's name. Although the State statutory requirement for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the basic financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 and No. 40 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$19,206,122	\$85,000
Cash on Hand	(528,628)	
Cash with Fiscal Agents	(390,852)	
Certificates of Deposit	85,000	(85,000)
GASB Statement No. 3	\$18,371,642	\$ 0

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the County. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after October 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2005. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year.

In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. As part of the phase out of the personal property tax, the assessment percentage for personal property was reduced to 6.25 percent for 2008. The tax will be entirely phased out in 2009. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility real property is assessed at thirty-five percent of true value. Public utility property taxes are payable on the same dates as real property as described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically distributes to the taxing districts their portion of the taxes collected in June and December for taxes payable in the first and second halves of the year, respectively.

The full tax rate for all County operations for the year ended December 31, 2008, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2008 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Real Property	\$848,862,800	90.84
Public Utility Property	44,241,220	4.73
Tangible Personal Property	41,353,640	4.43
Total Assessed Value	<u>\$934,457,660</u>	<u>100.00%</u>

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

6. PERMISSIVE SALES AND USE TAX

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County. Sales and use tax receipts in 2008 amounted to \$7,218,594 in the General Fund.

7. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables are not presented on the face of the financial statements. At December 31, 2008, the following receivables and payables existed between funds of the County:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 28,583	
Other Governmental Funds	135,671	\$162,299
Total Governmental Funds	<u>164,254</u>	<u>162,299</u>
Enterprise Fund:		
Sewer Fund		1,955
Totals	<u>\$164,254</u>	<u>\$164,254</u>

The interfund receivables and payables are for a reimbursement of expenditures.

8. INTERFUND TRANSFERS

Transfers in and out during the year ended December 31, 2008, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$ 11,947	\$2,545,371
MRDD		50,000
Job and Family Services Fund	93,336	
Other Governmental Funds	3,039,227	565,616
Total Governmental Funds	<u>3,144,510</u>	<u>3,160,987</u>
Enterprise Fund:		
Sewer Fund	16,804	327
Totals	<u>\$3,161,314</u>	<u>\$3,161,314</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt services; to return money to the fund from which it was originally provided once a project is complete; and to transfer capital assets.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The County's contribution rate for pension benefits for 2008 was 7.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 10.40 percent of covered payroll. The County's contribution rate for pension benefits for 2007 was 8.35 percent for non-law enforcement or public safety employees and 11.67 percent for law enforcement and public safety employees. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,017,781, \$1,148,051, \$1,244,047, which were equal to the required contributions for each year.

B. State Teachers Retirement System of Ohio

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations, the same portion that was used to fund pension obligations for 2007. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$5,987, \$5,844, and \$9,558, respectively; which were equal to the required contributions for each year.

10. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statements 12 and 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.40%. The Ohio Revised Codes currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 percent to 5.00 percent for the next 8 years. In the 9th year and beyond, health care costs were assumed to increase at 4.00 percent annually (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. Actual employer contributions for 2008, 2007, and 2006 were \$1,017,781, \$756,202, and \$608,501, respectively. The actual contribution and the actuarially required contribution amounts are the same. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial liability were \$29.8 billion and \$17 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. State Teachers Retirement System of Ohio

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. This system is on a pay-as-you-go basis.

All STRS Ohio benefit recipients who participated in the Defined Benefit or Combined Plans and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the County, this amount was \$461 for 2008, \$449 for 2007, and \$735 for 2006, which were equal to the required contributions for each of the fiscal years.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008, (the latest information available) the balance in the Fund was \$3.7 billion. For the fiscal year ended June 30, 2008, net health care costs paid by STRS Ohio were \$288,878,000 and STRS Ohio had 126,506 eligible benefit recipients.

11. OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plans

County employees and elected officials may elect to participate in the Ohio Public Employees Deferred Compensation Plan or the Ohio County Commissioners Association Deferred Compensation Plan. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

11. OTHER EMPLOYEE BENEFITS (Continued)

B. Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. Overtime hours can be accrued as compensatory time at one and one half times the amount of hours worked. All accumulated, unused vacation and compensatory time is paid upon separation if the employee has at least one year of service with the County.

12. DEBT

A. Short-term Debt

At December 31, 2008, the County had two bond anticipation notes outstanding for the Wagner Avenue Government Center. The following is a summary of the changes to these short-term obligations during 2008:

	<u>Balance at 12/31/07</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/08</u>
4.20% Wagner Avenue Government Center	\$2,175,000		\$2,175,000	
2.50% Wagner Avenue Government Center		\$2,150,000		\$2,150,000
6.70% Wagner Avenue Government Center	1,075,000		1,075,000	
4.85% Wagner Avenue Government Center		1,625,000		1,625,000
Total Short-Term Obligations	<u>\$3,250,000</u>	<u>\$3,775,000</u>	<u>\$3,250,000</u>	<u>\$3,775,000</u>

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds, may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes (the maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years). Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of a sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the County or a combination of these sources.

B. Long-Term Debt

1. Governmental Activities

Details of the changes in the governmental activities long-term debt for the year ended December 31, 2008 are indicated below:

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

12. DEBT (Continued)

	Balance at 12/31/07	Increases	Decreases	Balance at 12/31/08	Due Within One Year
General Obligation Bonds Payable:					
2002 WAGC Improvement Bonds	\$3,645,000		\$120,000	\$3,525,000	\$120,000
Long-Term Notes Payable					
5.10 % Ross Medford Road Improvement	106,059		19,871	86,188	20,306
5.65 % Anderson Marathon TIF	439,411	\$23,888		463,299	51,459
4.43 % Timmerman TIF		115,635	12,942	102,693	15,000
Total Long-Term Notes Payable	545,470	139,523	32,813	652,180	86,765
Total Long-Term Obligations	<u>\$4,190,470</u>	<u>\$139,523</u>	<u>\$152,813</u>	<u>\$4,177,180</u>	<u>\$206,765</u>

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2008, are an overall debt margin of \$14,561,442 and an unvoted debt margin of \$2,044,577.

The following is a summary of the County's future annual principal and interest requirements for governmental long-term obligations:

Year	WAGC General Obligation Bonds		Ross Medford Road Improvement		Anderson Marathon TIF		Timmerman TIF	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 120,000	\$ 165,432	\$20,306	\$4,140	\$ 51,459	\$ 26,540	\$ 15,000	\$ 4,834
2010	125,000	161,112	65,882	2,740	51,459	23,592	15,000	3,769
2011	130,000	156,362			51,459	20,644	15,000	3,095
2012	135,000	151,292			51,459	17,745	15,000	2,429
2013	140,000	145,892			51,459	14,749	15,000	1,748
2014-2018	815,000	632,016			206,004	29,534	27,693	1,475
2019-2023	1,025,000	423,284						
2024-2027	1,035,000	136,070						
Totals	<u>\$3,525,000</u>	<u>\$1,971,460</u>	<u>\$86,188</u>	<u>\$6,880</u>	<u>\$463,299</u>	<u>\$132,804</u>	<u>\$102,693</u>	<u>\$17,350</u>

The Ross Medford note will be refinanced at the current rate when this note matures on August 15, 2010. This was a ten year project, but the original note was only financed for five years and set to refinance at the current rate after five years.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

12. DEBT (Continued)

2. Business –Type Activities

During 2008, the County received proceeds of an OWDA loan in the amount of \$55,799 to assist with the construction of sewer lines in the Pittsburg area subdivision. It is a 4.97 % five-year loan that will be paid from special assessments assessed to the property owners who will benefit from the Sewer lines. The loan was approved for \$67,600; however, only \$55,799 of the loan has been disbursed as of December 31, 2008. During 2008, \$1,690 in principal was repaid, so the outstanding balance on the loan at December 31, 2008 was \$54,109.

Since the loan has not been entirely disbursed yet, the loan payoff schedule is not available. Principal and interest requirements will be presented when the loan is finalized.

13. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Shared Risk Pools

A. County Risk Sharing Authority Incorporated

The County is a member of the County Risk Sharing Authority, Inc. (CORSA), which is a risk sharing pool among forty one counties in Ohio. CORSA was formed in and as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self –insurance and risk management program. Member counties agree to jointly participate in coverage and losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

Coverages provided by CORSA are as follows:

General, Auto and Law	\$1,000,000
Public Officials	1,000,000
Flood and Earthquake	100,000,000
Boiler and Machinery	100,000,000
Employees Dishonesty	1,000,000
Money and Securities within premises	1,000,000
Money and Securities outside of premises	1,000,000
Money Orders and Counterfeit Currency	1,000,000
Depositors Forgery	1,000,000

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

13. RISK MANAGEMENT (Continued)

The continued existence of CORSA is dependant upon the County's continued participation; however the County does not have an equity interest in CORSA. In 2008, the County contributed \$191,060. Complete financial statements can be obtained from the County Risk Sharing Authority, Inc. at 175 South Third Street, Suite 500, Columbus, Ohio 43215.

B. County Commissioners' Association of Ohio Worker's Compensation Group Rating Program

For 2008, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool. The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAOSC. Each participant pays its workers' compensation premium to the State based on the rate for the CCAOSC rather than its individual rate. In order to allocate the savings derived by formation of the CCAOSC, and to maximize the number of participants in the CCAOSC, annually the CCAOSC's executive committee calculates the total savings which accrued to the CCAOSC through its formation. This savings is then compared to the overall savings percentage of the CCAOSC. The CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAOSC is limited to counties that can meet the CCAOSC's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAOSC. Each year, the County pays an enrollment fee to the CCAOSC to cover the costs of administering the CCAOSC.

The County may withdraw from the CCAOSC if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the CCAOSC prior to withdrawal, and any participant leaving the CCAOSC allows representatives of the CCAOSC to access loss experience for three years following the last year of participation.

14. JOINT VENTURE

The Darke County Emergency Management Agency (EMA) is a joint venture among Darke County, the City of Greenville, townships, and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the Board of County Commissioners entering into the agreement; four chief executives representing the municipal corporations and townships entering into the agreement; and two non-elected representatives. The County contributed \$53,632 for the operation of the agency during 2008. The EMA is a joint venture since it cannot continue to exist without the financial support of the County.

The County does not have an equity interest in the joint venture. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from the EMA located at 5185 County Home Road, Greenville, Ohio 45331.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

15. JOINTLY GOVERNED ORGANIZATION

A. Tri County Board of Recovery and Mental Health Services

The Tri County Board of Recovery and Mental Health Services (Tri County Mental Health Board) is a jointly governed organization among Shelby, Miami and Darke counties. The Tri County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Shelby, Miami and Darke counties in the same proportion as the County's population bears to the total population of the three counties combined. During 2008, the County contributed \$498,884 by voted tax levy for the operations of the organization.

B. Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties, the City of Dayton, and the City of Huber Heights. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristic, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements, and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the representative member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General Fund. The County contributed \$3,407 for the operation of the Commission during 2008.

C. West Central Ohio Network

The West Central Ohio Network (WestCON) is a jointly governed organization among Darke, Miami, Auglaize, Mercer, Logan, Shelby, Preble, Hardin and Union counties. WestCon was created to serve as an administrator and fiscal agent of Supported Living funds for the Boards of Mental Retardation and Developmental Disabilities (MRDD Boards) of each of the participating counties. The degree of control exercised by any participating government is limited to its representation on the Board of Directors (the Board) of West Con. The Board consists of one delegate, who is the Superintendent, from each of the participating MRDD Boards. Payments to WestCon are limited to the supported living funds of each participating county. During 2008, the County contributed \$25,500 to WestCon. Financial information can be obtained from Saul Bauer, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

16. RELATED PARTY TRANSACTIONS

Wayne Industries has entered into a contractual agreement with the Darke County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Darke County. The MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the client, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Wayne Industries. During 2008, the fair value of this support was \$142,911.

17. CONTRACTUAL COMMITMENTS

As of December 31, 2008, the County had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 12/31/08</u>
Manatron, Inc.	Real Estate Triennial Update	\$ 38,500	(\$ 18,097)	\$ 20,403
Manatron, Inc.	Real Estate Assessment field checks	48,884	(26,864)	22,020
Manatron, Inc.	Real Estate Assessment Revaluation	375,000		375,000
Manatron, Inc.	Real Estate Assessment software support	42,420	(23,000)	19,420
Mote & Associates, Inc.	Architect fees for Courts Facility	591,438	(70,244)	521,194
Totals		<u>\$1,096,242</u>	<u>(\$138,205)</u>	<u>\$958,037</u>

18. SEGMENT INFORMATION

The following illustrates the segment information for the Pittsburg area sewer sub-District, which is included on the financial statements as part of the business-type activities:

	<u>Pittsburg Area Sewer Sub-District</u>
Total Assets	\$26,137
Total Net Assets	26,137
Operating Revenues:	
Charges for Services	16,442
Operating Expenses	55,799
Operating Loss	(39,357)
Non-Operating Receipts and Disbursements:	
Proceeds of OWDA Loan	55,799
Principal payment on OWDA Loan	(1,690)
Total Non-Operating Receipts (Disbursements)	54,109
Change in Net Assets	14,752
Beginning Net Assets	11,385
Ending Net Assets	26,137
Net Cash Used In Operating Activities	(39,357)
Net Cash Provided By Capital Financing Activities	54,109
Beginning Cash	11,385
Ending Cash	26,137

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

19. CONTINGENCIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, any potential liability would not have a material effect on the County's financial condition.

20. WAYNE INDUSTRIES

**Wayne Industries
Statement of Net Assets
December 31, 2008**

Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$352,951
Accounts Receivable	23,339
Total Current Assets	376,290
Property and Equipment	
Leasehold Improvements	62,853
Furniture, fixtures, and equipment	140,545
Total Property and Equipment	203,398
Less – Accumulated Depreciation	(167,595)
Net Property and Equipment	35,803
Other Assets	
Workers' Compensation Deposit	758
Total Assets	412,851
Liabilities	
Current Liabilities	
Wages and Benefits Payable	1,886
Net Assets	
Invested in Capital Assets, Net of Debt	35,803
Unrestricted	375,162
Total Net Assets	\$410,965

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

20. WAYNE INDUSTRIES (Continued)

**Wayne Industries
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended December 31, 2008**

Operating Revenues	
Charges for Services	\$224,817
In-kind Contributions	142,911
Contributions	4,193
Other Operating Revenues	2,131
Total Operating Revenues	374,052
Operating Expenses	371,718
Operating Income	2,334
Non-Operating Revenues (Expenses)	
Community Supported Activities	(329)
Investment Earnings	14,207
Total Non-Operating Revenues (Expenses)	13,878
Change in Net Assets	16,212
Net Assets at Beginning of Year	394,753
Net Assets at End of Year	\$410,965

**Wayne Industries
Statement of Cash Flows
For the Year Ended December 31, 2008**

Cash Flows from Operating Activities	
Cash received from customers	\$228,807
Contributions	4,193
Other operating revenues	1,802
Cash payments for goods and services	(50,554)
Cash payments to employees	(171,521)
Net Cash Provided by Operating Activities	12,727
Cash Flows from Capital and Related Financing Activities	
Purchases of fixed assets	(2,413)
Net Cash Used in Capital and Related Financing Activities	(2,413)
Cash Flows from Investing Activities	
Receipts of interest and dividends	14,207
Net Cash Provided by Investing Activities	14,207
Net Increase in Cash and Cash Equivalents	24,521
Cash and Cash Equivalents , Beginning of Year	328,430
Cash and Cash Equivalents, End of Year	\$352,951

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

20. WAYNE INDUSTRIES (Continued)

**Wayne Industries
Statement of Cash Flows
For the Year Ended December 31, 2008**

Reconciliation of Operating Income to Net Cash

Provided by Operating Activities

Excess of Expenses over Revenues less	
Community Supported Activities	\$ 2,005
Adjustments to reconcile net income to net cash provided by	
Operating activities:	
Depreciation	7,639
Decrease in accounts receivable	3,990
Decrease in accounts payable	(87)
Decrease in other accrued liabilities	(820)
Total Adjustments	<u>10,722</u>
Net Cash Provided by Operating Activities	<u><u>\$12,727</u></u>

A. Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the recommendations of Governmental Accounting Standards Board (GASB) Statement No 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments".

Measurement Focus and Basis of Accounting

Wayne Industries is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities are included on the statement of net assets. Wayne Industries uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

Materials and Supplies Inventory

Inventory is presented at the lower of cost or market, determined by the first-in, first-out method.

Accounts Receivable

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require the allowance method be used to reflect bad debts. However, the effect of the use of the direct method is not materially different from the results that would have been obtained had the allowance method been followed.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

20. WAYNE INDUSTRIES (Continued)

Capital Assets

Equipment and improvements are stated at cost except for donated equipment, which is stated at fair market value at date of receipt. Depreciation of fixed assets is on a declining balance and straight line basis over the estimated useful lives of the respective assets.

Depreciation is generally based on the following estimated useful lives:

Shop and office equipment	5-31.5 years
Leasehold improvements	15-39 years

Federal Income Tax

Wayne Industries qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes. In addition, Wayne Industries qualifies for the charitable contribution deduction under section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under section 509 (a)(1).

Cash and Cash Equivalents

Cash consists of demand deposits and money market accounts with original maturities of four years or less.

Donated Services

The value of other donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services.

B. Major Customers

A substantial portion of the accounts receivable balance at December 31, 2008 is due from four customers. Accounts receivable from these customers amounted to 89 percent of the accounts receivable balance.

C. Concentration of Credit Risk:

Wayne Industries grants credit to customers, substantially all of whom reside in Darke County. Consequently, Wayne Industries ability to collect amounts due from customers may be affected by economic fluctuations of the local economy.

D. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, Wayne Industries will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008, none of Wayne Industries deposits were exposed to custodial credit risk because they were fully insured by the FDIC.

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

20. WAYNE INDUSTRIES (Continued)

E. Related Party Transactions

Darke County provides transportation and salaries for administration, implementation, and supervision of programs to Wayne Industries.

The value of donated materials and services from Darke County, as determined by the Darke County Board of MRDD and the corresponding expenditures is included in the financial statements in the amount of \$142,911.

F. Risk Management

Wayne Industries maintains commercial property coverage in the amount of \$1,000,000 and personal property coverage in the amount of \$95,000. Wayne Industries also maintains general liability coverage of \$500,000 per occurrence with commercial umbrella liability coverage of \$2,000,000 per occurrence and \$500,000 personal and advertising injury per occurrence. Bonding on the Adult Services Director and the Bookkeeper is maintained in the amount of \$50,000.

Wayne Industries is a named insured on an education liability policy covering the Darke County MRDD Board with an occurrence limit of \$1,000,000 and an aggregate limit of \$3,000,000.

Workers' Compensation coverage is maintained by paying premiums to the State Bureau of Workers' Compensation. The premium is calculated based upon accident history and related cost.

There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

21. SUBSEQUENT EVENTS

On June 16, 2009, the County issued \$1,485,000 5.8 percent bond anticipation notes and \$2,125,000 3.95 percent bond anticipation notes for the purpose of financing a portion of the cost of acquiring, improving, and equipping the Kroger Plaza shopping center to house various county offices and facilities for Goodwill Industries of the Miami Valley.

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**DARKE COUNTY
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through the Ohio Department of Education)						
Nutrition Cluster:						
National School Breakfast Program	05-PU-08	10.553	\$6,202	\$1,740	\$6,202	\$1,740
	05-PU-09		3,399		3,399	
Total National School Breakfast Program			9,601	1,740	9,601	1,740
National School Lunch Program	04-PU-08	10.555	9,347	2,561	9,347	2,561
	04-PU-09		4,774		4,774	
Total National School Lunch Program			14,121	2,561	14,121	2,561
Total U.S. Department of Agriculture - Nutrition Cluster			23,722	4,301	23,722	4,301
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
(Passed through the Ohio Department of Development)						
Community Development Block Grant		14.228			225,574	
Community Development Block Grant	B-F-06-018-1				132,000	
Community Development Block Grant	B-F-07-018-1		132,000		812	
Community Development Block Grant	B-F-08-018-1					
Total Community Development Block Grant Program			132,000		358,386	
Home Investment Partnership Program	BC-05-018-2	14.239			1,485	
	BC-05-018-1					
	BC-07-018-2		181,000		57,662	
	BC-07-018-1		144,000		123,962	
Total Home Investment Partnership Program			325,000		183,109	
Total U.S. Department of Housing and Urban Development			457,000		541,495	
U.S. DEPARTMENT OF JUSTICE						
(Passed through Ohio Department of Criminal Justice Services)						
Violence Against Women Formula Grant	2003-WF-VA5-8811A	16.588	396			
	2003-WF-VA5-8811B		1,339			
	2007-WF-VA5-8811		26,023		29,619	
Total Violence Against Women Act			27,758		29,619	
Edward Byrne Justice Assistance Grant Formula Program	2007-JG-B01-6577	16.738	24,999		32,639	
(Passed through Ohio Bureau of Criminal ID & Investigation)						
National Institute of Justice Research, Evaluation & Development Project Grant	2005-DN-BX-K002	16.560	3,688		1,488	
(Direct Receipt)						
Bulletproof Vest Partnership Grant	2007BUBX07039848	16.607	3,614		3,614	
Total U.S. Department of Justice			60,059		67,360	
U.S. DEPARTMENT OF LABOR						
(Passed through Ohio Department of Job and Family Services)						
(Passed through Workforce Investment Act Area 7)						
Workforce Investment Act Cluster:						
WIA - Adult Administrative	N/A	17.258	5,828		(1,008)	
WIA - Adult	N/A		66,397		89,625	
Total WIA Adult Program			72,225		88,617	
WIA - Dislocated Workers Administrative	N/A	17.260	13,063		17,225	
WIA - Dislocated Workers	N/A		331,192		254,767	
WIA - Career Advancement	N/A		529		13,765	
Total WIA Dislocated Workers			344,784		285,757	
WIA - Youth Administrative	N/A	17.259	8,971		4,345	
WIA - Youth	N/A		99,142		93,508	
Total WIA Youth Program			108,113		97,853	
Total U.S. Department of Labor			525,122		472,227	

**DARKE COUNTY
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF TRANSPORTATION						
(Direct Receipt)						
Airport Improvement Program	AIP-3-39-0082-0104	20.106	16,255		16,033	
Airport Improvement Program	AIP-3-39-0082-0407		191,492		191,623	
Airport Improvement Program	AIP-3-39-0082-0508		66,355		65,994	
Total Airport Improvement Program			<u>274,102</u>		<u>273,650</u>	
(Passed through Ohio Department of Public Safety)						
Highway Planning and Construction	83408	20.205	22,424		22,424	
Total U.S. Department of Transportation			<u>296,526</u>		<u>296,074</u>	
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Special Education Cluster:						
Special Education_Grants to States	017902-6BSF-2008	84.027	386		156	
Innovative Programs	071092-C2SI-2008	84.298	28,051		37,102	
Special Education_PreSchool Grant	017092-PGD106-2008	84.173	3,000		3,000	
(Passed through Ohio Department of Health)						
Special Education_Grants for Infants and Families	19-1-003-1-EG-07	84.181	19,080		22,860	
	19-1-003-1-EG-08		20,920		13,600	
Total Special Education_Grants for Infants and Families			<u>40,000</u>		<u>36,460</u>	
Total U.S. Department of Education			<u>71,437</u>		<u>76,718</u>	
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
(Passed through Ohio Department of Job and Family Services)						
Promoting Safe and Stable Families	N/A	93.556	42,927		42,851	
Promoting Safe and Stable Families Operating	N/A	93.556	11,177		13,308	
Total Promoting Safe and Stable Families			<u>54,104</u>		<u>56,159</u>	
(Passed through Secretary of State of Ohio)						
Voting Access for Individuals with Disabilities - Grants to States	06-505-HHH5-19	93.617			2,307	
(Passed through Ohio Dept. of Mental Ret. and Dev. Disabilities)						
Social Services Block Grant	MR-19-08	93.667	24,057		24,057	
	MR-19-09		24,595		24,595	
Total Social Services Block Grant			<u>48,652</u>		<u>48,652</u>	
Childrens Health Insurance Program	N/A	93.767				
Year 2007			1,026		1,026	
Year 2008			4,158		4,158	
Total Childrens Health Insurance Program			<u>5,184</u>		<u>5,184</u>	
Medical Assistance Program (Medicaid XIX)		93.778				
TCM 2007	19000-10-CY07		30,748		30,748	
TCM 2008	19000-10-CY08		128,831		128,831	
WAIVER ADMINISTRATION 2008	19000-10-CY08		19,440		19,440	
Total TCM			<u>179,019</u>		<u>179,019</u>	
Day Habilitation L1 Wavier 2007	19000-10-CY07		10,692		10,692	
Day Habilitation L1 Wavier 2008	19000-10-CY08		144,787		144,787	
Total Day Habilitation L1 Waiver			<u>155,479</u>		<u>155,479</u>	
Day Habilitation I/O Wavier 2007	19000-10-CY07		28,121		28,121	
Day Habilitation I/O Wavier 2008	19000-10-CY08		204,050		204,050	
Total Day Habilitation I/O Waiver			<u>232,171</u>		<u>232,171</u>	
Total Medical Assistance Program (Medicaid XIX)			<u>566,669</u>		<u>566,669</u>	
Total U.S. Department of Health and Human Services			<u>674,609</u>		<u>678,971</u>	
U.S. ELECTIONS ASSISTANCE COMMISSION						
(Passed through Ohio Secretary of State)						
Helping America Vote Act Title II	N/A	90.401	2,687		2,678	
Total Federal Programs			<u>\$2,111,162</u>	<u>\$4,301</u>	<u>\$2,159,245</u>	<u>\$4,301</u>

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditure (the Schedule) summarizes activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed.

NOTE D – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons for low moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County (passed through the Ohio Department of Development). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

Activity in the CDBG revolving loan fund during 2008 is as follows;

Revolving Loans	Loans Receivable	Cash Balance
Beginning Balance	\$312,777	\$ 90,231
Loan Repayment Receipts	(87,467)	87,467
Loan Interest Repayment Receipts		17,689
Loan Disbursements	15,000	(15,000)
Administration		(2,673)
Ending Balances	\$240,310	\$177,714

These loans are collateralized by mortgages on the property or equipment.

NOTE E – COMMUNITY HOUSING INVESTMENT PARTNERSHIP PROGRAM

The County has established a program to provide down payment and rehabilitation assistance to low-income individuals or/and families. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County (passed through the Ohio Department of Development). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule).

**FINANCIAL CONDITION
DARKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Activity in the Community Housing Investment Partnership Program Fund during 2008 is as follows;

<u>Revolving Loans</u>	<u>Loans Receivable</u>	<u>Cash Balance</u>
Beginning Balance	\$772,694	\$101,918
Loan Repayment Receipts	(25,000)	25,000
Grant Loans		325,000
Loans Forgiven	(7,340)	
Loan Match		6,546
Loan Disbursements	91,216	(91,216)
Repayment of Overbilling		520
Administration		(7,207)
Advance		3,412
Interest		2,935
Payments to Vendors		(98,073)
Ending Balances	<u>\$831,570</u>	<u>\$268,835</u>

These loans are collateralized by mortgages on the property.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Darke County Auditor
Darke County Commissioners
Darke County Treasurer
504 South Broadway Street
Greenville, Ohio 45331

To the Elected Officials:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and discretely presented component unit of Darke County, (the County) as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 6, 2009, wherein, we noted the County uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited Note 20, as described in our opinion on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditors reported.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we reported to the County's management in a separate letter dated August 6, 2009.

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Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We did note certain noncompliance or other matters that we reported to the County's management in a separate letter dated August 6, 2009

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, elected officials and federal awarding agencies. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 6, 2009



Mary Taylor, CPA

Auditor of State

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

Darke County Auditor
Darke County Commissioners
Darke County Treasurer
504 South Broadway Street
Greenville, Ohio 45331

To the Elected Officials:

Compliance

We have audited the compliance of Darke County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 of America; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Darke County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008.

In a separate letter to the County's management dated August 6, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that the County's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above

We intend this report solely for the information and use of the audit committee, management, elected officials, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 6, 2009

**FINANCIAL CONDITION
DARKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA 93.778 - Medical Assistance Program CFDA 17.258 – 17.260 - Workforce Investment Act
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Material Non Compliance

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the County prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial statements in accordance with generally accepted accounting principles to present accurately financial statements that report assets, liabilities and other disclosures.

Officials Response:

With the decline in the County revenue, it was determined not to prepare GAAP statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

FINANCIAL CONDITION
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for recovery	Yes	N/A



Mary Taylor, CPA
Auditor of State

FINANCIAL CONDITION

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2009**