



Mary Taylor, CPA  
Auditor of State



**FINANCIAL CONDITION  
DARKE COUNTY**

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# 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 aggregate remaining fund information of Darke County, (the County), as of and for the year ended December 31, 2009, 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 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 our audit provides 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, 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, the financial statements referred to above 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 aggregate remaining fund information of Darke County, as of December 31, 2009, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund, Auto License and Gas Tax Fund, DODD Fund, and Job and Family Services Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

July 23, 2010

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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, 2009 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 2009 are as follows:

- Total net assets of governmental activities were \$15,877,638. Net assets of governmental activities decreased \$117,378, which is less than 1 percent.
- General governmental receipts accounted for \$18,024,988 or 44% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$22,509,095 or 56% of all receipts of governmental activities of \$40,534,083.
- The County had \$40,643,853 in cash disbursements related to governmental activities; only \$22,509,095 of these disbursements were offset by program specific charges for services, grants or contributions
- Among major funds, the general fund had \$13,287,889 in receipts and \$12,955,125 in disbursements. The general fund's fund balance increased \$332,764, or approximately 18% to a balance of \$2,160,718.
- Net assets for the enterprise funds decreased \$61,627, or about 7 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 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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(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.



**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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, the DODD Fund, and the Bond Retirement 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 2009 compared to 2008 on a modified cash basis:

**Table 1  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>FY 09</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 08</b>	<b>FY 09</b>	<b>FY 08</b>
<b>Assets:</b>						
Cash and Investments	\$15,877,638	\$15,959,365	\$795,502	\$857,129	\$16,673,140	\$16,816,494
Total Assets	<u>15,877,638</u>	<u>15,959,365</u>	<u>795,502</u>	<u>857,129</u>	<u>16,673,140</u>	<u>16,816,494</u>
<b>Net Assets:</b>						
<b>Restricted for:</b>						
Other Purposes	12,427,205	12,629,478			12,427,205	12,629,478
Debt Service		(3,581)				(3,581)
Capital Outlay	1,289,715	1,476,931			1,289,715	1,476,931
Unrestricted	2,160,718	1,856,537	795,502	857,129	2,956,220	2,713,666
Total Net Assets	<u>\$15,877,638</u>	<u>\$15,959,365</u>	<u>\$795,502</u>	<u>\$857,129</u>	<u>\$16,673,140</u>	<u>\$16,816,494</u>

Total net assets decreased \$143,354 based upon audited financial statements at December 31, 2009 and 2008. Because the County took control of the Emergency Management Agency (EMA) as of January 1, 2009, the change shown on the financial statements will be \$117,378. The variance in the reported amounts are due to the beginning balance added for the EMA.

Net assets of business-type activities decreased \$61,627, or about 7 percent.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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Table 2 reflects the changes in net assets in 2009, as well as a comparison to the changes in net assets during 2008.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Charges for Services Operating Grants, Contributions and Interest	\$7,862,934	\$7,825,746	\$369,807	\$381,847	\$8,232,741	\$8,207,593
Capital Grants and Contributions	14,546,962	15,007,900			14,546,962	15,007,900
	99,199	111,207		17	99,199	111,224
<b>Total Program Receipts</b>	<b>22,509,095</b>	<b>22,944,853</b>	<b>369,807</b>	<b>381,864</b>	<b>22,878,902</b>	<b>23,326,717</b>
<b>General Receipts:</b>						
Property Taxes	4,825,007	4,828,386			4,825,007	4,828,386
Sales Taxes	6,438,174	7,218,594			6,438,174	7,218,594
Grants and Entitlements	2,252,119	1,622,691			2,252,119	1,622,691
Interest	447,356	655,459			447,356	655,459
Other	452,332	156,152	10,431	16,736	462,763	172,888
Proceeds of Debt Issue	3,610,000	3,920,475	5,697	55,799	3,615,697	3,976,274
<b>Total General Receipts</b>	<b>18,024,988</b>	<b>18,401,757</b>	<b>16,128</b>	<b>72,535</b>	<b>18,041,116</b>	<b>18,474,292</b>
<b>Total Receipts</b>	<b>40,534,083</b>	<b>41,346,610</b>	<b>385,935</b>	<b>454,399</b>	<b>40,920,018</b>	<b>41,801,009</b>
<b>Disbursements:</b>						
<b>General Government:</b>						
Legislative and Executive	6,744,311	6,497,359			6,744,311	6,497,359
Judicial	3,086,948	2,862,089			3,086,948	2,862,089
Public Safety	3,888,902	4,311,521			3,888,902	4,311,521
Public Works	5,252,296	5,717,684			5,252,296	5,717,684
Health	375,146	349,320			375,146	349,320
Human Services	15,231,830	14,815,186			15,231,830	14,815,186
Economic Development and Assistance	903,706	587,619			903,706	587,619
Intergovernmental	334,026	400,369			334,026	400,369
Capital Outlay	495,118	1,942,225			495,118	1,942,225
<b>Debt Service:</b>						
Principal Retirement	3,994,682	3,402,813			3,994,682	3,402,813
Interest and Fiscal Charges	336,888	371,976			336,888	371,976
Sewer			94,590	151,555	94,590	151,555
Solid Waste			296,078	238,789	296,078	238,789
Adult Daycare			64,502	43,161	64,502	43,161
<b>Total Disbursements</b>	<b>40,643,853</b>	<b>41,258,161</b>	<b>455,170</b>	<b>433,505</b>	<b>41,099,023</b>	<b>41,691,666</b>
Increase(Decrease) in Net Assets Before Transfers	(109,770)	88,449	(69,235)	20,894	(179,005)	109,343
Transfers	(7,608)	(16,477)	7,608	16,477		
<b>Increase (Decrease) in Net Assets</b>	<b>(117,378)</b>	<b>71,972</b>	<b>(61,627)</b>	<b>37,371</b>	<b>(179,005)</b>	<b>109,343</b>
Beginning Net Assets	15,995,016	15,887,393	857,129	819,758	16,852,145	16,707,151
<b>Ending Net Assets</b>	<b>\$15,877,638</b>	<b>\$15,959,365</b>	<b>\$795,502</b>	<b>\$857,129</b>	<b>\$16,673,140</b>	<b>\$16,816,494</b>

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Governmental Activities**

Net assets of the County's governmental activities decreased \$117,378, which is less than 1 percent.

The following table shows total receipts by source for 2009:

<u>Revenue Sources</u>	<u>2009</u>	<u>Percent of Total</u>
Unrestricted grants and entitlements	\$2,252,119	5.56%
Program Revenues	22,509,095	55.53%
General Tax Revenues	11,263,181	27.79%
General Other	899,688	2.22%
Proceeds from Sale of Notes	3,610,000	8.90%
Total Revenue	<u>\$40,534,083</u>	<u>100.00%</u>

Tax receipts accounted for \$11,263,181 of the \$40,534,083 in total receipts for governmental activities. Sales tax accounted for \$6,438,174, or approximately 57 percent of the total tax receipts, with property taxes making up the other 43 percent.

The program revenues are made up of \$7,862,934 in direct charges to users of governmental services and \$14,646,161 in grants and contributions restricted to specific programs.

Sales tax receipts decreased due to the sluggish economy. Unrestricted grants and entitlements increased due to the tangible personal property loss reimbursements. Interest receipts decreased due to lower interest rates.

The proceeds of sale of notes of \$3,610,000, is not new debt for the County. The County rolled over the two Wagner Avenue Government Center notes during 2009. The principal amount of the old debt was paid and new notes issued. The County's debt obligations are discussed in the debt section of this management's discussion and analysis and also in Note 11 to the financial statements.

Human Services disbursements accounted for the largest share of disbursements at approximately 37 percent of total cash disbursements for 2009. General government legislative and executive disbursements accounted for the next largest share of disbursements with 16 percent of the total, followed by public works with 13 percent, and public safety with 9 percent.

**Business-Type Activities**

Net assets for business-type activities decreased by \$61,627 during 2009. Charges for services were the largest source of receipts, accounting for about 94 percent of total business-type activities receipts. The other 6 percent were proceeds from an OWDA loan and miscellaneous receipts.

**Statement of Activities**

If you look at the Statement of Activities on page 12, 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. A comparison to the same information for 2008 is shown.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**Table 3**

	<b>2009</b>		<b>2008</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	\$6,744,311	\$3,819,917	\$6,497,359	\$3,482,176
Judicial	3,086,948	1,557,308	2,862,089	1,217,058
Public Safety	3,888,902	2,715,644	4,311,521	3,450,631
Public Works	5,252,296	(145,604)	5,717,684	(17,106)
Health	375,146	205,571	349,320	179,533
Human Services	15,231,830	4,740,854	14,815,186	4,154,850
Economic Development and Assistance	903,706	295,266	587,619	(44,835)
Intergovernmental	334,026	317,016	400,369	368,606
Capital Outlay	495,118	297,216	1,942,225	1,747,606
<b>Debt Service:</b>				
Principal Retirement	3,994,682	3,994,682	3,402,813	3,402,813
Interest and Fiscal Charges	336,888	336,888	371,976	371,976
<b>Total Expenses</b>	<b><u>\$40,643,853</u></b>	<b><u>\$18,134,758</u></b>	<b><u>\$41,258,161</u></b>	<b><u>\$18,313,308</u></b>

Charges for services, operating grants and capital grants of about 56 percent of total cash receipts were received and used to fund the expenses of the County. The remaining 44 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 \$43,187,304 and total disbursements of \$43,304,682. The General Fund is the chief operating fund of the County. At the end of 2009, the fund balance of the general fund was \$2,160,718 and the unreserved fund balance was \$2,077,007. The greatest change within the major funds occurred in the General Fund which had an increase in fund balance of \$332,764, attributed to a decrease in disbursements from the general fund and a decrease in transfers out to subsidize other programs.

The Auto License and Gas Tax Fund balance increased \$216,356, or 4 percent. The DODD Fund balance increased \$109,222, or 4 percent, and the Job and Family Services Fund balance decreased \$69,252, or 28 percent due to an increase in the expenditures of the fund. The non-major governmental funds had a decrease in fund balance of \$706,469 due to an increase in expenditures. Information about the County's enterprise funds begins on page 20. The enterprise funds reported an operating loss of \$67,089 for 2009. 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 a decrease in net assets of \$61,627 for 2009.

**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 2009, the General Fund had original appropriations of \$15,220,192 and final appropriations of \$14,372,652. Actual expenditures plus encumbrances were \$13,010,878.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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, 2009, Darke County had \$7,563,377 in governmental debt outstanding.

**Table 4  
Outstanding Debt at Year End**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
General Obligation Bonds	\$3,405,000	\$3,525,000		
Long-Term TIF Notes	548,377	651,643		
Bond Anticipation Notes	3,610,000	3,775,000		
OWDA Loan				\$54,109
<b>Totals</b>	<b>\$7,563,377</b>	<b>\$7,951,643</b>	<b>\$0</b>	<b>\$54,109</b>

See Note 11 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 2010 is very conservative. Total revenues are projected to be almost 3.73% less than what was actually received in 2009. 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 2010.

This conservative budget is a reflection of a volatile economic climate. In 2009, Wayne Hospital opened a new medical center in Union City bringing in two new gynecologists and one family doctor into the Darke County area.

Wayne Hospital continued the construction of their new 40,000 square foot expansion of their main facility with the first of three phases complete.

Also in 2009, Specialized Castings moved their fabrication plant from Tipp City to Greenville in the former Permacrete Products Corporation building. Midmark Corporation acquired a healthcare manufacturer in India taking their company global.

The Economic Development office was restructured to include a new Partnering for Progress initiative with businesses in Darke County. Along with this restructuring, they hired a new Economic Development Director as well as the hiring of a full time administrative assistant.

Finally, Taco Bell chose to expand their Greenville location by constructing a new building near their original location doubling their seating capacity and creating ten new jobs.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
UNAUDITED  
(Continued)**

**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.

**FINANCIAL CONDITION  
DARKE COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2009**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$15,073,902	\$795,502	\$15,869,404
Cash and Cash Equivalents in Segregated Accounts	368,190		368,190
Cash and Cash Equivalents with Fiscal Agent	425,546		425,546
Investments in Segregated Accounts	10,000		10,000
Total Assets	<u>15,877,638</u>	<u>795,502</u>	<u>16,673,140</u>
<b>Net Assets:</b>			
<b>Restricted for:</b>			
Capital Outlay	1,289,715		1,289,715
Other Purposes	12,427,205		12,427,205
Unrestricted	2,160,718	795,502	2,956,220
Total Net Assets	<u>\$15,877,638</u>	<u>\$795,502</u>	<u>\$16,673,140</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
DARKE COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<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>
<b>Governmental Activities:</b>				
<b>General Government:</b>				
Legislative and Executive	\$6,744,311	\$2,607,293	\$317,101	
Judicial	3,086,948	1,365,377	164,263	
Public Safety	3,888,902	417,578	755,680	
Public Works	5,252,296	413,724	4,984,176	
Health	375,146	169,013	562	
Human Services	15,231,830	2,742,554	7,748,422	
Economic Development and Assistance	903,706	51,488	556,952	
Intergovernmental	334,026	(2,796)	19,806	
Capital Outlay	495,118	98,703		\$99,199
<b>Debt Service:</b>				
Principal Retirement	3,994,682			
Interest and Fiscal Charges	336,888			
<b>Total Governmental Activities</b>	<u>40,643,853</u>	<u>7,862,934</u>	<u>14,546,962</u>	<u>99,199</u>
<b>Business-type activities:</b>				
Sewer	94,590	110,964		
Solid Waste	296,078	225,885		
Adult Daycare	64,502	32,958		
<b>Total business-type activities</b>	<u>455,170</u>	<u>369,807</u>		
<b>Total primary government</b>	<u>\$41,099,023</u>	<u>\$8,232,741</u>	<u>\$14,546,962</u>	<u>\$99,199</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
- Proceeds of Loan
- Miscellaneous
- Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.



<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$3,819,917)		(\$3,819,917)
(1,557,308)		(1,557,308)
(2,715,644)		(2,715,644)
145,604		145,604
(205,571)		(205,571)
(4,740,854)		(4,740,854)
(295,266)		(295,266)
(317,016)		(317,016)
(297,216)		(297,216)
(3,994,682)		(3,994,682)
(336,888)		(336,888)
<u>(18,134,758)</u>		<u>(18,134,758)</u>
	\$16,374	16,374
	(70,193)	(70,193)
	(31,544)	(31,544)
	<u>(85,363)</u>	<u>(85,363)</u>
<u>(18,134,758)</u>	<u>(85,363)</u>	<u>(18,220,121)</u>
2,434,387		2,434,387
2,390,620		2,390,620
6,438,174		6,438,174
2,252,119		2,252,119
447,356		447,356
145,232		145,232
3,610,000		3,610,000
	5,697	5,697
307,100	10,431	317,531
(7,608)	7,608	
<u>18,017,380</u>	<u>23,736</u>	<u>18,041,116</u>
(117,378)	(61,627)	(179,005)
<u>15,995,016</u>	<u>857,129</u>	<u>16,852,145</u>
<u>\$15,877,638</u>	<u>\$795,502</u>	<u>\$16,673,140</u>

**FINANCIAL CONDITION  
DARKE COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2009**

	<u>General</u>	<u>Auto License and Gas Tax</u>	<u>DODD</u>	<u>Job and Family Services</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$1,851,065	\$5,324,030	\$2,468,717	\$176,999	\$1	\$5,253,090	\$15,073,902
Cash and Cash Equivalents in Segregated Accounts	309,653					58,537	368,190
Cash and Cash Equivalents with Fiscal Agents			425,546				425,546
Investments in Segregated Accounts						10,000	10,000
<b>Total Assets</b>	<u>2,160,718</u>	<u>5,324,030</u>	<u>2,894,263</u>	<u>176,999</u>	<u>1</u>	<u>5,321,627</u>	<u>15,877,638</u>
<b>Fund Balances:</b>							
Reserved for Encumbrances	83,711	113,214	85,943			516,010	798,878
Reserved for Endowments			90,193				90,193
<b>Unreserved:</b>							
<b>Undesignated, Reported in:</b>							
General Fund	2,077,007						2,077,007
Special Revenue Funds		5,210,816	2,718,127	176,999		3,515,902	11,621,844
Debt Service Funds					1		1
Capital Projects Funds						1,289,715	1,289,715
<b>Total Fund Balances</b>	<u>2,160,718</u>	<u>5,324,030</u>	<u>2,894,263</u>	<u>176,999</u>	<u>1</u>	<u>5,321,627</u>	<u>15,877,638</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, 2009**

	General	Auto License and Gas Tax	DODD	Job and Family Services	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property and Other Taxes	\$2,434,387		\$2,390,620				\$4,825,007
Permissive Sales Tax	6,438,174						6,438,174
Intergovernmental	1,509,865	\$4,572,665	2,359,499	\$4,097,971		\$3,909,427	16,449,427
Charges for Services	1,546,328	312,410	644,925	984,803		3,003,497	6,491,963
Licenses and Permits	74,952					170,597	245,549
Fines and Forfeitures	425,385					65,589	490,974
Special Assessments						271,889	271,889
Interest	447,356	147,049	2,477	1,202		12,672	610,756
Payments in Lieu of Taxes	145,232						145,232
Other	180,299	20,294	170,176	214,023		329,504	914,296
<b>Total Revenues</b>	<b>13,201,978</b>	<b>5,052,418</b>	<b>5,567,697</b>	<b>5,297,999</b>	<b>3,994,682</b>	<b>7,763,175</b>	<b>36,883,267</b>
<b>Expenditures:</b>							
<b>Current:</b>							
<b>General Government:</b>							
Legislative and Executive	5,294,591					1,449,720	6,744,311
Judicial	1,668,234					1,418,714	3,086,948
Public Safety	3,510,576					378,326	3,888,902
Public Works	26,221	4,876,878				349,197	5,252,296
Health	207,105					168,041	375,146
Human Services	381,929		5,458,475	5,460,935		3,930,491	15,231,830
Economic Development						903,706	903,706
Intergovernmental	334,026						334,026
Capital Outlay						495,118	495,118
<b>Debt Service:</b>							
Principal Retirement					\$3,994,682		3,994,682
Interest and Fiscal Charges					336,888		336,888
<b>Total Expenditures</b>	<b>11,422,682</b>	<b>4,876,878</b>	<b>5,458,475</b>	<b>5,460,935</b>	<b>4,331,570</b>	<b>9,093,313</b>	<b>40,643,853</b>
Excess of Revenues Over (Under) Expenditures	1,779,296	175,540	109,222	(162,936)	(4,331,570)	(1,330,138)	(3,760,586)
<b>Other Financing Sources (Uses):</b>							
Proceeds from Sale of Capital Assets		40,816					40,816
Proceeds from Sale of Notes					3,610,000		3,610,000
Advances - In	28,647		220,000			268,804	517,451
Advances - Out	(48,804)		(220,000)		(3,583)	(245,064)	(517,451)
Transfers - In	57,264			93,684	725,154	1,259,668	2,135,770
Transfers - Out	(1,483,639)					(659,739)	(2,143,378)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,446,532)</b>	<b>40,816</b>		<b>93,684</b>	<b>4,331,571</b>	<b>623,669</b>	<b>3,643,208</b>
<b>Net Change in Fund Balances</b>	<b>332,764</b>	<b>216,356</b>	<b>109,222</b>	<b>(69,252)</b>	<b>1</b>	<b>(706,469)</b>	<b>(117,378)</b>
Fund Balances Beginning of Year	1,827,954	5,107,674	2,785,041	246,251		6,028,096	15,995,016
<b>Fund Balances End of Year</b>	<b>\$2,160,718</b>	<b>\$5,324,030</b>	<b>\$2,894,263</b>	<b>\$176,999</b>	<b>\$1</b>	<b>\$5,321,627</b>	<b>\$15,877,638</b>

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  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and Other Taxes	\$2,352,100	\$2,352,100	\$2,434,387	\$82,287
Permissive Sales Tax	7,200,000	6,600,000	6,438,174	(161,826)
Intergovernmental	1,410,959	1,342,959	1,509,865	166,906
Charges for Services	1,530,063	1,418,819	1,583,881	165,062
Licenses and Permits	75,390	75,390	74,952	(438)
Fines and Forfeitures	476,000	424,000	425,385	1,385
Interest	275,450	271,450	448,967	177,517
Payments in Lieu of Taxes	220,232	220,232	145,232	(75,000)
Other	120,747	108,208	180,299	72,091
<b>Total Revenues</b>	<u>13,660,941</u>	<u>12,813,158</u>	<u>13,241,142</u>	<u>427,984</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	5,753,004	5,520,873	5,167,604	353,269
Judicial	1,884,165	1,768,990	1,687,309	81,681
Public Safety	3,995,330	3,870,711	3,673,867	196,844
Public Works	37,530	31,877	26,221	5,656
Health	226,367	227,454	207,479	19,975
Human Services	486,881	486,881	381,929	104,952
Intergovernmental	351,555	347,561	334,026	13,535
<b>Total Expenditures</b>	<u>12,734,832</u>	<u>12,254,347</u>	<u>11,478,435</u>	<u>775,912</u>
Excess of Revenues Over Expenditures	<u>926,109</u>	<u>558,811</u>	<u>1,762,707</u>	<u>1,203,896</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	1,500	1,500		(1,500)
Advances In	94,052	94,052	28,647	(65,405)
Advances Out	(57,469)	(57,469)	(48,804)	8,665
Transfers In	57,264	57,264	57,264	
Transfers Out	(2,427,891)	(2,060,836)	(1,483,639)	577,197
<b>Total Other Financing Sources (Uses)</b>	<u>(2,332,544)</u>	<u>(1,965,489)</u>	<u>(1,446,532)</u>	<u>518,957</u>
Net Change in Fund Balance	(1,406,435)	(1,406,678)	316,175	1,722,853
Fund Balance Beginning of Year	1,255,521	1,255,521	1,255,521	
Prior Year Encumbrances Appropriated	<u>151,621</u>	<u>151,621</u>	<u>151,621</u>	
Fund Balance End of Year	<u>\$707</u>	<u>\$464</u>	<u>\$1,723,317</u>	<u>\$1,722,853</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, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$4,800,000	\$4,507,964	\$4,572,665	\$64,701
Charges for Services	453,000	453,000	311,629	(141,371)
Interest	128,000	128,000	147,049	19,049
Other	19,000	19,000	20,294	1,294
Total Revenues	<u>5,400,000</u>	<u>5,107,964</u>	<u>5,051,637</u>	<u>(56,327)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	<u>7,112,732</u>	<u>7,112,732</u>	<u>4,990,092</u>	<u>2,122,640</u>
Excess of Revenues Over (Under) Expenditures	(1,712,732)	(2,004,768)	61,545	2,066,313
<b>Other Financing Sources:</b>				
Proceeds from Sale of Capital Assets	<u>10,000</u>	<u>10,000</u>	<u>40,816</u>	<u>30,816</u>
Net Change in Fund Balance	(1,702,732)	(1,994,768)	102,361	2,097,129
Fund Balance at Beginning of Year	5,107,593	5,107,593	5,107,593	
Prior Year Encumbrances Appropriated	<u>78</u>	<u>78</u>	<u>78</u>	
Fund Balance at End of Year	<u><u>\$3,404,939</u></u>	<u><u>\$3,112,903</u></u>	<u><u>\$5,210,032</u></u>	<u><u>\$2,097,129</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  
DODD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property and Other Taxes	\$2,481,600	\$2,481,600	\$2,390,620	(\$90,980)
Intergovernmental	2,508,688	2,199,663	2,149,917	(49,746)
Charges for Services	588,449	588,449	601,880	13,431
Interest	3,000	2,546	2,477	(69)
Other	5,500	5,500	106,607	101,107
Total Revenues	<u>5,587,237</u>	<u>5,277,758</u>	<u>5,251,501</u>	<u>(26,257)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human Services	5,916,228	5,916,228	5,305,961	610,267
Excess of Revenues Over / (Under) Expenditures	<u>(328,991)</u>	<u>(638,470)</u>	<u>(54,460)</u>	<u>584,010</u>
<b>Other Financing Sources (Uses):</b>				
Advances - In	380,000	221,020	220,000	(1,020)
Transfers - Out	(300,000)	(300,000)		300,000
Advances - Out	(380,000)	(380,000)	(220,000)	160,000
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>(458,980)</u>		<u>458,980</u>
Net Change in Fund Balance	(628,991)	(1,097,450)	(54,460)	1,042,990
Fund Balance at Beginning of Year	2,253,670	2,253,670	2,253,670	
Prior Year Encumbrances Appropriated	<u>103,727</u>	<u>103,727</u>	<u>103,727</u>	
Fund Balance at End of Year	<u>\$1,728,406</u>	<u>\$1,259,947</u>	<u>\$2,302,937</u>	<u>\$1,042,990</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, 2009**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$4,309,196	\$4,215,280	\$4,097,971	(\$117,309)
Charges for Services	883,758	883,758	950,755	66,997
Interest	500	1,202	1,202	
Other	205,000	205,000	214,023	9,023
Total Revenues	<u>5,398,454</u>	<u>5,305,240</u>	<u>5,263,951</u>	<u>(41,289)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human Services	<u>5,613,790</u>	<u>5,638,124</u>	<u>5,460,935</u>	<u>177,189</u>
Excess of Revenues Over / (Under) Expenditures	(215,336)	(332,884)	(196,984)	135,900
<b>Other Financing Source:</b>				
Transfers - In	<u>93,684</u>	<u>93,684</u>	<u>93,684</u>	
Net Change in Fund Balance	(121,652)	(239,200)	(103,300)	135,900
Fund Balance at Beginning of Year	232,200	232,200	232,200	
Prior Year Encumbrances Appropriated	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	
Fund Balance at End of Year	<u>\$117,548</u>	<u>\$0</u>	<u>\$135,900</u>	<u>\$135,900</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, 2009**

	<u>Enterprise Funds</u>
<b>Current Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$795,502</u>
<b>Net Assets:</b>	
Unrestricted	<u>\$795,502</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, 2009**

	<b>Total</b>
<b>Operating Revenues:</b>	
Charges for Services	\$369,807
Other	10,431
Total Operating Revenues	380,238
<b>Operating Expenses:</b>	
Personal Services	136,854
Contractual Services	195,030
Materials and Supplies	24,704
Capital Outlay	58,450
Other	32,289
Total Operating Expenses	447,327
Operating Loss	(67,089)
<b>Non-Operating Revenues (Expenses):</b>	
Principal Retirement	(7,090)
Proceeds of Loan	5,697
Interest and Fiscal Charges	(753)
Total Non-Operating Revenues (Expenses)	(2,146)
Loss Before Transfers	(69,235)
Transfers In	14,250
Transfers Out	(6,642)
Change in Net Assets	(61,627)
Net Assets Beginning of Year	857,129
Net Assets End of Year	\$795,502

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
DARKE COUNTY**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Enterprise</b>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Support	\$369,807
Cash Received from Other Operating Receipts	10,431
Cash Payments for Employee Services and Benefits	(136,854)
Cash Payments to Suppliers	(278,184)
Cash Payments for Other Operating Expenses	(32,289)
Net Cash Used in Operating Activities	(67,089)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers - In	14,250
Transfers - Out	(6,642)
Net Cash Provided by Non-capital Financing Activities	7,608
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds of Loan	5,697
Loan Principal Repayment	(7,090)
Loan Interest Payments	(753)
Net Cash Used in Capital and Related Financing Activities	(2,146)
Net Decrease in Cash and Cash Equivalents	(61,627)
Cash and Cash Equivalents Beginning of Year	857,129
Cash and Cash Equivalents End of Year	\$795,502

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
DARKE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS  
AGENCY FUNDS  
DECEMBER 31, 2009**

	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,918,866
Cash and Cash Equivalents in Segregated Accounts	299,966
Investments in Segregated Accounts	75,000
Total Assets	<u>2,293,832</u>
<b>Liabilities:</b>	
Undistributed Monies	2,293,832
Total Liabilities	<u>\$2,293,832</u>

*See accompanying notes to the basic financial statements.*

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**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**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 Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, County Home, the Darke County Veterans Services, the Emergency Management Agency, 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, which was determined to be not material to the financial statements.

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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(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 Developmental Disabilities. The workshop, under contractual agreement with the Darke County Board of DD, provides sheltered employment for the mentally retarded or handicapped individuals in Darke County. The Darke County Board of DD 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. 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 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 Jointly Governed Organizations and Insurance Purchasing Pools. The organizations are discussed in Notes 12 and 13 to the basic financial statements. These organizations are:

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)

**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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 departments 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 Department of Developmental Disabilities (DODD).

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 DODD Fund are as follows:

	<b>Net Change in Fund Balance</b>			
	<b>General</b>	<b>Auto License and Gas</b>	<b>DODD</b>	<b>Job and Family Services</b>
Modified Cash Basis	\$332,764	\$216,356	\$109,222	(\$69,252)
Unrecorded Cash on Hand	39,164	(781)	(43,045)	(34,048)
Non-Budgeted Activity	27,958		(34,694)	
Encumbrances	(83,711)	(113,214)	(85,943)	
Budget Basis	\$316,175	\$102,361	(\$54,460)	(\$103,300)

**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 non-exchange transactions as governmental funds. The following are the County's major governmental funds:

**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.

**DODD Fund** – This fund is used to account for funds obtained from various tax levies, grants and other sources to provide services to the developmentally disabled.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Bond Retirement Fund** – This fund is used to account for the payment of debt issues of the County.

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.

**3. 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.

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.



**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

**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. Non-major 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 2009, 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 2009 was \$447,356, including \$399,068 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.

**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, 2009, are recorded as disbursements when made.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Permanent non-exchange 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 non-operating 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 non-operating 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.

**3. 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**3. DEPOSITS AND INVESTMENTS (Continued)**

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:

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, 2009, the County had \$381,895 in un-deposited cash on hand with the Treasurer and in various departments.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**3. DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits**

At December 31, 2009, the book balance of the County's deposits was \$18,159,531 and the bank balance was \$20,104,531.

**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, 2009, \$11,238,333, of the government's bank balance of \$20,104,531 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 Non-expendable 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:

	<b>Primary Government</b>	
	<b>Cash and Cash</b>	
	<b>Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$18,881,972	\$85,000
Cash on Hand	(381,895)	
Cash with Fiscal Agents	(425,546)	
Certificates of Deposit	85,000	(85,000)
GASB Statement No. 3	\$18,159,531	\$ 0

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**4. 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 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after October 1, 2008, on the assessed value listed as of January 1, 2008, 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.

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. The tangible personal property tax was entirely phased out in 2009.

Public utility property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in 2009 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, 2009, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2009 property tax receipts were based are as follows:

<b>Category</b>	<b>Assessed Value</b>	<b>Percent</b>
Real Property	\$923,179,830	95.20
Public Utility Property	46,582,700	4.80
Total Assessed Value	\$969,762,530	100.00%

**5. 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 Department of Administrative Services 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 Department of Administrative Services then has five days in which to draw the warrant payable to the County. Sales and use tax receipts in 2009 amounted to \$6,438,174 in the General Fund.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**6. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables are not presented on the face of the financial statements. At December 31, 2009, the following receivables and payables existed between funds of the County:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$33,804	
Other Governmental Funds	<u>2,000</u>	<u>\$35,804</u>
Total Governmental Funds	<u>\$35,804</u>	<u>\$35,804</u>

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

**7. INTERFUND TRANSFERS**

Transfers in and out during the year ended December 31, 2009, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<b>Governmental Funds:</b>		
General Fund	\$ 57,264	\$1,483,639
Job and Family Services Fund	93,684	
Bond Retirement	725,154	
Other Governmental Funds	<u>1,259,668</u>	<u>659,739</u>
Total Governmental Funds	2,135,770	2,143,378
<b>Enterprise Fund:</b>		
Solid Waste Fund	<u>14,250</u>	<u>6,642</u>
Totals	<u>\$2,150,020</u>	<u>\$2,150,020</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.

**8. 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs and deputy sheriffs) and public safety divisions exist only within the traditional pension plan.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

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, 2009, 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 January through March 2009 was 7.00 percent and 8.50 percent for April through December 2009, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions for January through March were 10.63 percent of covered payroll and 12.13 for April through December 2009. The County's contribution rate for pension benefits for 2008 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, 2009, 2008, and 2007 were \$1,173,646, \$1,017,781, \$1,148,051, which were equal to the required contributions for each year.

**B. State Teachers Retirement System of Ohio**

Certified teachers, employed by the school for 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](http://www.strsoh.org).

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. Benefits are established by Chapter 3307 of the Ohio Revised Code.



**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

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, 2009, 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 2008. 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, 2009, 2008 and 2007 were \$6,155, \$5,987, and \$5,844, respectively; which were equal to the required contributions for each year.

**9. 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.

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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. 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 2009, the employer contribution allocated to the health care plan was 7.0% of covered payroll for January through March. For April through December, the contribution allocated to healthcare was 5.50 percent for members other than those engaged in law enforcement. The County's contribution rate for law enforcement employees was 7.00 percent for January through March and 5.50 percent for April through December. 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 9<sup>th</sup> 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.

The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual employer contributions for 2009, 2008, and 2007 were \$859,097, \$1,017,781, and \$756,202, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial liability were \$29.6 billion and \$18.9 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

**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 \$473 for 2009, \$461 for 2008, and \$449 for 2007, 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, 2009, (the latest information available) the balance in the Fund was \$2.7 billion. For the fiscal year ended June 30, 2009, net health care costs paid by STRS Ohio were \$298,110,000 and STRS Ohio had 129,659 eligible benefit recipients.

**10. 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.

**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.

**11. DEBT**

**A. Short-term Debt**

At December 31, 2009, 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 2009:

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**11. DEBT (Continued)**

	<u>Balance at 12/31/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/09</u>
2.50% Wagner Avenue Government Center	\$2,150,000		\$2,150,000	
3.95% Wagner Avenue Government Center		\$2,125,000		\$2,125,000
4.85% Wagner Avenue Government Center	1,625,000		1,625,000	
5.80% Wagner Avenue Government Center		1,485,000		1,485,000
Total Short-Term Obligations	<u>\$3,775,000</u>	<u>\$3,610,000</u>	<u>\$3,775,000</u>	<u>\$3,610,000</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, 2009 are indicated below:

	<u>Balance at 12/31/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at 12/31/09</u>	<u>Due Within One Year</u>
<b>General Obligation Bonds Payable:</b>					
2002 WAGC Improvement Bonds	\$3,525,000		\$120,000	\$3,405,000	\$125,000
Long-Term Notes Payable					
5.10% Ross Medford Road Improvement	85,816		21,203	64,613	64,613
5.65 % Anderson Marathon TIF	463,134		62,077	401,057	51,459
4.43 % Timmerman TIF	102,693		19,986	82,707	15,000
Total Long-Term Notes Payable	<u>651,643</u>		<u>103,266</u>	<u>548,377</u>	<u>131,072</u>
Total Long-Term Obligations	<u>\$4,176,643</u>	<u>\$0</u>	<u>\$223,266</u>	<u>\$3,953,377</u>	<u>\$256,072</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 un-voted 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, 2009, are an overall debt margin of \$15,729,063 and an un-voted debt margin of \$2,682,625.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**11. DEBT (Continued)**

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
2010	\$ 125,000	\$ 161,112	\$64,613	\$2,831	\$ 51,459	\$ 23,259	\$15,000	\$ 3,769
2011	130,000	156,362			51,459	20,352	15,000	3,095
2012	135,000	151,292			51,459	17,492	15,000	2,429
2013	140,000	145,892			51,459	14,537	15,000	1,748
2014	150,000	140,082			51,459	11,630	15,000	1,074
2015-2019	850,000	595,442			143,762	17,461	7,707	400
2020-2024	1,080,000	372,820						
2025-2027	795,000	83,026						
Totals	<u>\$3,405,000</u>	<u>\$1,806,028</u>	<u>\$64,613</u>	<u>\$2,831</u>	<u>\$401,057</u>	<u>\$104,731</u>	<u>\$82,707</u>	<u>\$12,515</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.

**2. Business –Type Activities**

At December 31, 2008, the County had two OWDA loans outstanding. The first was a Sewer Feasibility Study for the Pittsburg area subdivision in the amount \$6,151. The second was a planning loan for the Pittsburg area subdivision in the amount of \$56,199. During 2009, the remaining amount of \$8,739 of the second loan was disbursed and \$5,400 of principal and \$753 of capitalized interest was repaid on the first loan and \$1,690 of principal was repaid on the second loan. Also, during 2009, the second loan was paid off using a disbursement of funds from a sewer construction loan received by Pittsburg, so the County did not have any enterprise debt outstanding at year-end.

**12. 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**12. RISK MANAGEMENT (Continued)**

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.

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 2009, the County contributed \$192,493. Complete financial statements can be obtained from the County Risk Sharing Authority, Inc. at 209 E. State Street, Columbus, Ohio 43215.

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

For 2009, 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.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**13. JOINTLY GOVERNED ORGANIZATIONS**

**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 2009, the County contributed \$489,800 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 \$3,332 for the operation of the Commission during 2009.

**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 Developmental Disabilities (DODD 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 DODD Boards. Payments to WestCon are limited to the supported living funds of each participating county. During 2009, the County contributed \$116,600 to WestCon. Financial information can be obtained from Saul Bauer, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**14. RELATED PARTY TRANSACTIONS**

Wayne Industries has entered into a contractual agreement with the Darke County Department of Developmental Disabilities (DODD), whereby the DODD provides sheltered employment for mentally retarded or handicapped individuals in Darke County. The DODD 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 2009, the fair value of this support was \$147,190.

**15. CONTRACTUAL COMMITMENTS**

As of December 31, 2009, the County had contractual purchase commitments as follows:

Vendor	Project	Contract Amount	Amount Expended	Balance At 12/31/09
Lexur Enterprises	Real Estate Appraisal	\$652,857	(\$225,791)	\$427,066

**16. 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:

	<b>Pittsburg Area Sewer Sub- District</b>
Total Assets	\$34,595
Total Net Assets	34,595
Operating Revenues:	
Charges for Services	20,578
Operating Expenses	9,974
Operating Income	10,604
Non-Operating Receipts and Disbursements:	
Proceeds of OWDA Loan	5,697
Principal payment on OWDA Loan	(7,090)
Interest payment on OWDA Loan	(753)
Total Non-Operating Receipts (Disbursements)	(2,146)
Change in Net Assets	8,458
Beginning Net Assets	26,137
Ending Net Assets	34,595
Net Cash Provided by Operating Activities	10,604
Net Cash Used in Capital Financing Activities	54,109
Beginning Cash	26,137
Ending Cash	34,595



**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(Continued)**

**17. 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.

**18. SUBSEQUENT EVENT**

On June 11, 2010, the County issued \$2,800,000 various purpose bond anticipation notes for the purpose of acquiring, improving and equipping the Kroger Plaza shopping center to house various county offices and facilities. The notes carry an interest rate of 1.75 percent and mature on December 12, 2010.

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**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through the Ohio Department of Job & Family Services)						
State Administrative Matching Grants for the Supplemental						
Nutrition Assistance Program						
FAET	G-89-20-G-1011 - 11-5027	10.561	\$9,396		\$23,031	
Food Assistance	G1011-11-5027 / G89-20-1050		304,290		228,103	
ARRA - Food Stamp - Stimulus	G1011-11-5027 / G89-20-1050		23,294		23,294	
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>336,980</u>		<u>274,428</u>	
(Passed through the Ohio Department of Education)						
Nutrition Cluster:						
School Breakfast Program	05-PU-09 05-PU-10	10.553	6,025 3,609	\$2,414	6,025 3,609	\$2,414
Total School Breakfast Program			<u>9,634</u>	<u>2,414</u>	<u>9,634</u>	<u>2,414</u>
National School Lunch Program	04-PU-09 04-PU-10	10.555	8,804 5,269	3,526	8,804 5,269	3,526
Total National School Lunch Program			<u>14,073</u>	<u>3,526</u>	<u>14,073</u>	<u>3,526</u>
Total Nutrition Cluster			<u>23,707</u>	<u>5,940</u>	<u>23,707</u>	<u>5,940</u>
Total U.S. Department of Agriculture			<u>360,687</u>	<u>5,940</u>	<u>298,135</u>	<u>5,940</u>
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>						
(Passed through the Ohio Department of Development)						
CDBG State Administered Small Cities Program Cluster:						
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	B-F-08-018-1 B-F-09-018-1 B-C-09-018-1 B-Z-08-018-1	14.228	129,000		128,188 952	
Total Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii			<u>360,000</u>		<u>455,140</u>	
ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	B-R-09-018-1 B-R-09-018-2	14.255			468 459	
Total ARRA - Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii					<u>927</u>	
Total CDBG State Administered Small cities Program Cluster			<u>360,000</u>		<u>456,067</u>	
Home Investment Partnership Program	BC-05-018-1 BC-05-018-2 BC-07-018-1 BC-07-018-2 BC-09-018-2	14.239	(151) (21,030)		18,722 216,119	
Total Home Investment Partnership Program			<u>133,819</u>		<u>249,841</u>	
Total U.S. Department of Housing and Urban Development			<u>493,819</u>		<u>705,908</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>						
(Passed through Ohio Department of Criminal Justice Services)						
Violence Against Women Formula Grant	2007-WF-VA5-8811	16.588	3,596			
(Passed through Ohio Department of Criminal Justice Services)						
Edward Byrne Memorial Justice Assistance Grant Program	2007-JG-B01-6577	16.738	7,640			
Total U.S. Department of Justice			<u>11,236</u>			

**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF LABOR</b>						
(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	15,365		18,154	
WIA - Adult	N/A	17.258	111,707		134,573	
ARRA - WIA Adult Administration	N/A	17.258	7,035		5,627	
ARRA - WIA Adult	N/A	17.258	20,789		36,635	
Total WIA Adult Program			154,896		194,989	
WIA - Youth Administration	N/A	17.259	1,304		7,035	
WIA - Youth	N/A	17.259	83,727		85,436	
ARRA -WIA -Youth Administrative	N/A	17.259	15,482		12,278	
ARRA -WIA - Youth	N/A	17.259	154,843		150,517	
Total WIA Youth Activities			255,356		255,266	
WIA - Dislocated Workers Administration	N/A	17.260	38,862		38,527	
WIA - Dislocated Workers	N/A	17.260	280,548		350,819	
WIA - Career Advancement	N/A	17.260	45,670		4,368	
ARRA - WIA - Dislocated Workers Administration	N/A	17.260	9,515		7,674	
ARRA - WIA - Dislocated Workers	N/A	17.260	54,424		55,389	
ARRA - WIA - Stimulus Ohio Learning	N/A	17.260	6,300		6,300	
Total WIA Dislocated Workers			435,319		463,077	
Total U.S. Department of Labor			845,571		913,332	
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
(Direct Receipt)						
Airport Improvement Program	AIP-3-39-0082-0407	20.106	21,197		20,394	
Airport Improvement Program	AIP-3-39-0082-0508		4,895		5,132	
Airport Improvement Program	AIP-3-39-0082-0609		266,101		265,813	
Total Airport Improvement Program			292,193		291,339	
Total U.S. Department of Transportation			292,193		291,339	
<b>U.S. DEPARTMENT OF EDUCATION</b>						
(Passed through Ohio Department of Health)						
Special Education - Grants for Infants and Families	19-1-003-1-EG-08	84.181	20,920		28,240	
	19-1-003-1-EG-09		23,667		22,300	
Total Special Education - Grants for Infants and Families			44,587		50,540	
ARRA - Special Education-Grants for Infants and Families	01910021HA0110	84.393	11,288		5,700	
Total U.S. Department of Education			55,875		56,240	
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>						
(Passed through Ohio Secretary of State)						
Help America Vote Act Requirements Payments	N/A	90.401	3,975		3,975	
Total U.S. Election Assistance Commission			3,975		3,975	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
(Passed through Ohio Department of Job and Family Services)						
Promoting Safe and Stable Families	G-89-20 - G-1011-11-5027	93.556				
ESSA Preservation Operating			5,979		5,449	
ESSA Preservation			30,713		22,479	
ESSA Reunification Operating			5,175		4,590	
ESSA Reunification			26,096		16,387	
Caseworker Visits Administration					249	
Caseworker Visits					2,237	
Post Adoption Special			215		107	
Total Promoting Safe and Stable Families			68,178		51,498	

**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Temporary Assistance for Needy Families	G1011-11-5027 / G89-20-1050	93.558				
Adopt Ohio Kids			857		857	
TANF Independent Living			3,903		3,903	
Child Care Services - CCDF			250,345		131,255	
Early Start(Help Me Grow)					102,287	
Summer & After School Programs			35,044		29,485	
TANF Administration			166,611		107,802	
TANF Regular			1,253,818		1,266,701	
TITLE XX - Transfer Amt						(1)
Child Care Services - TANF			122,000			
Total Temporary Assistance for Needy Families			<u>1,832,578</u>		<u>1,642,289</u>	
Child Support Enforcement	G-1011-11-5027 / G-89-20-1050	93.563				
Federal Child Support/OCS Match			12,594		37,150	
Federal Child Support/State Match			378,756		411,474	
ARRA - Child Support County Incentives Stimulus			42,196		53,229	
Total Child Support Enforcement			<u>433,546</u>		<u>501,853</u>	
Child Care Block Grant Cluster: Child Care & Development Block Grant	G-89-20 - G-1011-11-5027	93.575				
Quality Child Care			4,160		7,220	
Child Care Services			9,514		30,486	
Total Child Care & Development Block Grant			<u>13,674</u>		<u>37,706</u>	
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	G-1011-11-5027 / G-89-20-1050	93.596				
Child Care Administration			2,000			
Child Care Non-Administration			48,128		72,882	
Child Care Services			24,774		99,235	
Total Child Care Mandatory & Match Funds of the Child Care & Development Fund			<u>74,902</u>		<u>172,117</u>	
ARRA - Child Care & Development Block Grant	G-1011-11-5027 / G-89-20-1050	93.713				
Total ARRA - Child Care & Development Block Grant			<u>52,927</u>		<u>52,927</u>	
Total Child Care Block Grant Cluster			<u>141,503</u>		<u>262,750</u>	
Child Support Enforcement Access and Visitation	N/A	93.597				
Grants to States for Access and Visitation Programs			58,029		58,029	
Total Child Support Enforcement Access and Visitation			<u>58,029</u>		<u>58,029</u>	
(Passed through Secretary State of Ohio)						
Voting Access for Individuals with Disabilities - Grants to States	06-505-HHH5-19 09-505-HHH5-19	93.617	(2,556)		260	
			<u>260</u>		<u>260</u>	
			<u>(2,296)</u>			
(Passed through Ohio Department of Job and Family Services)						
Child Welfare Services - State Grants	G-1011-11-5027 / G-89-20-1050	93.645				
IV-B Admin			5,011		5,878	
IV-B			56,089		72,798	
Total Child Welfare Services - State Grants			<u>61,100</u>		<u>78,676</u>	
Foster Care - Title IV-E		93.658				
IV - E Admin & Training Payment	G-1011-11-5027 / G-89-20-1050		85,006		70,124	
Total Foster Care - Title IV-E			<u>85,006</u>		<u>70,124</u>	

**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
Adoption Assistance	G-1011-11-5027 / G-89-20-1050	93.659				
IV - E Admin & Training Payment			102,650		73,282	
Non-Recurring Adoption			1,111		555	
Total Adoption Assistance			<u>103,761</u>		<u>73,837</u>	
Social Services Block Grant	G-89-20 - G-1011-11-5027	93.667				
Title XX- Base			133,195		98,755	
Title XX Transfer Amount			161,860		126,583	
(Passed through Ohio Dept. of Developmental Disabilities)						
Social Services Block Grant	MR-19-09 MR-19-10	93.667	36,545		36,545	
			12,599		12,599	
Total Social Services Block Grant			<u>344,199</u>		<u>274,482</u>	
(Passed through Ohio Department of Job and Family Services)						
Child Abuse & Neglect State Grants	N/A	93.669				
Child Abuse & Neglect Prevention Month			1,966		1,966	
Chafee Foster Care Independence Program	G-1011-11-5027 / G-89-20-1050	93.674				
Federal Chafee			5,575		1,662	
Medical Assistance Program	G-1011-11-5027 / G-89-20-1050	93.778				
Medicaid Child Welfare Related			66,427		54,400	
Medicaid			307,200		241,465	
Medicaid Health check			25,879		14,144	
Medicaid NET			90,605		61,585	
Medicaid Pregnancy Related Services			1,246		1,111	
Out Stationed Eligible - Federal			14,212		10,433	
Total Medical Assistance Program			<u>505,569</u>		<u>383,138</u>	
(Passed through Ohio Dept. of Developmental Disabilities)						
Medical Assistance Program		93.778				
WAIVER ADMINISTRATION 2008	19000-10-CY08		2,581		2,581	
WAIVER ADMINISTRATION 2009	19000-10-CY09		16,195		16,195	
Total Medical Assistance Program			<u>18,776</u>		<u>18,776</u>	
ARRA - Medical Assistance Program (Medicaid XIX)		93.778				
Day Habilitation L1 Wavier 2008 & 2009 (EFMAP)	19000-10-CY09		20,583		20,583	
Day Habilitation I/O Wavier 2008 & 2009 (EFMAP)	19000-10-CY09		86,125		86,125	
TCM 2008 & TCM 2009 (EFMAP)	19000-10-CY09		17,620		17,620	
Total ARRA - Medical Assistance Program (Medicaid XIX)			<u>124,328</u>		<u>124,328</u>	
Total Medical Assistance Program (Medicaid XIX)			<u>648,673</u>		<u>526,242</u>	
Total U.S. Department of Health and Human Services			<u>3,781,818</u>		<u>3,543,668</u>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
(Passed through Ohio Department of Public Safety)						
Emergency Management Performance Grants	2008-EM-E8-0002 2009-EP-E9-0061	97.042	12,474			
			35,087		42,326	
Total Emergency Management Performance Grants			<u>47,561</u>		<u>42,326</u>	
Homeland Security Grant Program		97.067				
FY 2007 Citizen Corps Program Grant	2007-GE-T7-0030		4,160		815	
FY07 State Homeland Security Program	2007-GE-T7-0030		49,015		45,655	
FY08 State Homeland Security Program	2008-GE-T8-0025		31,107		40,625	
Total Homeland Security Grant Program			<u>84,282</u>		<u>87,095</u>	
Total U.S. Department of Homeland Security			<u>131,843</u>		<u>129,421</u>	
Total Federal Programs			<u>\$5,977,017</u>	<u>\$5,940</u>	<u>\$5,942,018</u>	<u>\$5,940</u>

See accompanying notes to the Schedule of Federal Awards Expenditures.

**FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**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 2009 is as follows;

<u>Revolving Loans</u>	<u>Loans Receivable</u>	<u>Cash Balance</u>
Beginning Balance	\$240,310	\$ 177,714
Loan Repayment Receipts	(53,898)	49,921
Loan Interest Receipts		4,638
Loan Disbursements	15,000	(15,000)
Administration		(15,896)
Ending Balances	<u>\$201,412</u>	<u>\$201,377</u>

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 2009 is as follows;

<u>Revolving Loans</u>	<u>Loans Receivable</u>	<u>Cash Balance</u>
Beginning Balance	\$831,570	\$268,835
Loan Repayment Receipts	(5,000)	5,000
Grant Loans		140,000
Loans Forgiven	(23,575)	
Loan Disbursements	160,937	(190,060)
Refund of Prior Year Reveues		(21,181)
Administration		(42,454)
Advance		(5,102)
Interest		2,524
Payments to Vendors		(6,856)
Ending Balances	<u>\$963,932</u>	<u>\$150,706</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 of Darke County, (the County) as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 23, 2010, wherein we noted the County uses a comprehensive accounting basis 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*.

### 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

### 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 matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 23, 2010.

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 management, elected officials, federal awarding agencies and pass-through entities, and others within the County. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 23, 2010



# 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 REQUIRED BY 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, 2009. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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, the 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, 2009.

#### 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 opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

**Internal Control Over Compliance  
(Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 noted certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 23, 2010.

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

July 23, 2010

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA 93.778 - Medical Assistance Program CFDA 17.258 – 17.260 - Workforce Investment Act CFDA 93.558 – Temporary Assistance for Needy Families CFDA 93.563 – Child Support Enforcement <b>Child Care Cluster:</b> CFDA 93.575 – Child Care & Development Block Grant CFDA 93.596 – Child Care CFDA 93.713 ARRA-Child Care & Development Block Grant
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2009-01**

**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:**

The County has declining revenue, and the cost factor of GAAP, I decided to return to a Cash Financial Report.

**DARKE COUNTY FINANCIAL CONDITION  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Financial statements were not presented in accordance with generally accepted accounting principles.	No	Not corrected, repeated as 2009-001.







**Mary Taylor, CPA**  
Auditor of State

**DARKE COUNTY FINANCIAL CONDITION**

**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  
AUGUST 26, 2010**