



Mary Taylor, CPA  
Auditor of State



***DARKE COUNTY, OHIO***

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*County Seat  
Greenville, Ohio*

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2007**

*Prepared by the Accounting Department  
of the Darke County Auditor's Office*

*DARKE COUNTY, OHIO*

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**FINANCIAL CONDITION  
DARKE COUNTY**

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DARKE COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Darke County, (the County), as of and for the year ended December 31, 2007, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Darke County, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Auto License/Gas Tax Fund, MRDD Fund, and the Public Assistance Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2008, 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 accounting principles generally accepted in the United States of America 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.

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We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Mary Taylor, CPA**  
Auditor of State

August 13, 2008



# DARKE COUNTY, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2007*

*Unaudited*

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This discussion and analysis of Darke County's financial performance provides an overall review of the County's financial activities for the fiscal year ended December 31, 2007. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the County's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2007 are as follows:

- ❑ In total, net assets increased \$4,371,183. Net assets of governmental activities increased \$4,359,331, which represents a 5% increase from 2006. Net assets of business-type activities increased \$11,852 or 1% from 2006.
- ❑ General revenues accounted for \$17,004,106 in revenue or 44% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$22,002,968 or 56% of total revenues of \$39,007,074.
- ❑ The County had \$34,241,418 in expenses related to governmental activities; only \$21,607,415 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$14,181,935 in revenues and \$10,630,103 in expenditures. The general fund's fund balance increased \$990,511, or approximately 44%, to a balance of \$3,252,173.
- ❑ Net assets for the enterprise funds remained relatively stable, increasing \$11,852, or approximately 1%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the County.

These statements are as follows:

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

## **DARKE COUNTY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2007***

***Unaudited***

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

#### ***Government-wide Statements***

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the County's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net assets and how they have changed. Net-assets (the difference between the County's assets and liabilities) is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional nonfinancial factors such as changes in the County's tax base and the condition of County capital assets also need to be evaluated.

The government-wide financial statements of the County are divided into two categories:

- *Governmental Activities* – Most of the County's programs and services are reported here including public safety, health, human services, community and economic development, public works, and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The County's wastewater collection and treatment, solid waste treatment and adult daycare services are reported as business-type activities.

#### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the County's most significant funds, not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

## DARKE COUNTY, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

**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 the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance County programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The accounting used for fiduciary funds is much like that of the proprietary funds. We exclude these activities from the County's other financial statements because the assets cannot be utilized by the County to finance its operations.

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

The following table provides a summary of the County's net assets for 2007 compared to 2006.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$30,518,363	\$28,125,720	\$856,507	\$866,528	\$31,374,870	\$28,992,248
Capital assets, Net	81,151,509	79,939,492	52,681	44,207	81,204,190	79,983,699
Total assets	111,669,872	108,065,212	909,188	910,735	112,579,060	108,975,947
Long-term debt outstanding	5,777,730	5,403,741	4,490	20,547	5,782,220	5,424,288
Other liabilities	9,865,918	10,994,578	9,141	6,483	9,875,059	11,001,061
Total liabilities	15,643,648	16,398,319	13,631	27,030	15,657,279	16,425,349
Net assets						
Invested in capital assets, net of related debt	73,675,773	71,748,445	52,681	32,507	73,728,454	71,780,952
Restricted	17,715,300	15,984,475	0	0	17,715,300	15,984,475
Unrestricted	4,635,151	3,933,973	842,876	851,198	5,478,027	4,785,171
Total net assets	<u>\$96,026,224</u>	<u>\$91,666,893</u>	<u>\$895,557</u>	<u>\$883,705</u>	<u>\$96,921,781</u>	<u>\$92,550,598</u>

## DARKE COUNTY, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2007

*Unaudited*

Changes in Net Assets – The following table shows the changes in net assets for 2007 compared to 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services and Sales	\$4,919,535	\$4,561,248	\$395,553	\$355,814	\$5,315,088	\$4,917,062
Operating Grants and Contributions	15,620,561	12,147,048	0	0	15,620,561	12,147,048
Capital Grants and Contributions	1,067,319	0	0	0	1,067,319	0
<b>Total Program Revenues</b>	<u>21,607,415</u>	<u>16,708,296</u>	<u>395,553</u>	<u>355,814</u>	<u>22,002,968</u>	<u>17,064,110</u>
<b>General Revenues:</b>						
Property Taxes	5,142,562	5,164,374	0	0	5,142,562	5,164,374
Sales Taxes	7,500,135	6,799,401	0	0	7,500,135	6,799,401
Intergovernmental Revenues, Unrestricted	1,948,658	1,744,130	0	0	1,948,658	1,744,130
Investment Earnings	1,145,476	972,671	0	0	1,145,476	972,671
Miscellaneous	1,267,275	1,221,403	0	0	1,267,275	1,221,403
<b>Total General Revenues</b>	<u>17,004,106</u>	<u>15,901,979</u>	<u>0</u>	<u>0</u>	<u>17,004,106</u>	<u>15,901,979</u>
<b>Total Revenues</b>	<u>38,611,521</u>	<u>32,610,275</u>	<u>395,553</u>	<u>355,814</u>	<u>39,007,074</u>	<u>32,966,089</u>
<b>Program Expenses</b>						
Public Safety	4,684,592	4,491,282	0	0	4,684,592	4,491,282
Health	271,625	346,550	0	0	271,625	346,550
Human Services	13,948,111	12,547,349	0	0	13,948,111	12,547,349
Community and Economic Development	913,076	1,006,822	0	0	913,076	1,006,822
Public Works	6,384,177	5,760,844	0	0	6,384,177	5,760,844
General Government	7,583,552	7,562,586	0	0	7,583,552	7,562,586
<b>Debt Service:</b>						
Interest and Fiscal Charges	456,285	324,856	0	0	456,285	324,856
Business Type Activities	0	0	394,473	349,476	394,473	349,476
<b>Total Expenses</b>	<u>34,241,418</u>	<u>32,040,289</u>	<u>394,473</u>	<u>349,476</u>	<u>34,635,891</u>	<u>32,389,765</u>
<b>Excess (Deficiency) Before Transfers</b>	4,370,103	569,986	1,080	638	4,371,183	576,324
<b>Transfers</b>	<u>(10,772)</u>	<u>(11,410)</u>	<u>10,772</u>	<u>11,410</u>	<u>0</u>	<u>0</u>
<b>Total Change in Net Assets</b>	4,359,331	558,576	11,852	17,748	4,371,183	576,324
<b>Beginning Net Assets</b>	<u>91,666,893</u>	<u>91,108,317</u>	<u>883,705</u>	<u>865,957</u>	<u>92,550,598</u>	<u>91,974,274</u>
<b>Ending Net Assets</b>	<u>\$96,026,224</u>	<u>\$91,666,893</u>	<u>\$895,557</u>	<u>\$883,705</u>	<u>\$96,921,781</u>	<u>\$92,550,598</u>

## **DARKE COUNTY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2007***

***Unaudited***

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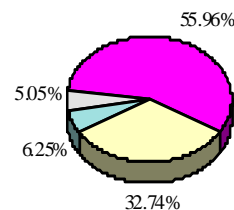
#### ***Governmental Activities***

Net assets of the County's governmental activities increased \$4,359,331, or approximately 5%. Operating grants and contributions increased substantially due to grants received for children's services, public assistance and community development loans. The increase in children's services and public assistance grants resulted in the increase in expenditures for human services. Sales taxes increased 10% due to a one half percent increase in the County's sales tax rate.

Tax revenue accounted for \$12,642,697 of the \$38,611,521 in total revenues for governmental activities. Sales tax accounted for \$7,500,135, or approximately 59% of total tax revenue.

The County's direct charges to users of governmental services totaled \$4,919,535. This amount represents 13% of total revenues for governmental activities and 23% of program specific revenues.

<u>Revenue Sources</u>	<u>2007</u>	<u>Percent of Total</u>
Intergovernmental Revenues, Unrestricted	\$1,948,658	5.05%
Program Revenues	21,607,415	55.96%
General Tax Revenues	12,642,697	32.74%
General Other	2,412,751	6.25%
Total Revenue	<u>\$38,611,521</u>	<u>100.00%</u>



#### ***Business-Type Activities***

Net assets of the business-type activities increased \$11,852. Charges for services and sales increased 11% due to increases in sewer charges. These programs had revenues of \$395,553 and expenses of \$394,473. Business-type activities receive no support from tax revenues and remain self-supporting.

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## DARKE COUNTY, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2007**

**Unaudited**

### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County's governmental funds reported a combined fund balance of \$16,210,158, which exceeds last year's total of \$13,926,982. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2007 and 2006.

	Fund Balance/(Deficit) December 31, 2007	Fund Balance/(Deficit) December 31, 2006	Increase (Decrease)
General	\$3,252,173	\$2,261,662	\$990,511
Auto License and Gas Tax	6,273,509	6,048,377	225,132
MRDD	2,321,625	2,185,754	135,871
Public Assistance	636,805	513,635	123,170
WAGC Permanent Improvement	(3,334,100)	(3,300,000)	(34,100)
Other Governmental	7,060,146	6,217,554	842,592
Total	<u>\$16,210,158</u>	<u>\$13,926,982</u>	<u>\$2,283,176</u>

*General Fund* – The County's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2007 Revenues	2006 Revenues	Increase (Decrease)
Taxes	\$9,989,569	\$9,309,576	\$679,993
Intergovernmental Revenues	1,295,416	1,273,645	21,771
Charges for Services	1,208,470	1,244,574	(36,104)
Licenses and Permits	91,383	75,346	16,037
Investment Earnings	846,793	705,221	141,572
Fines and Forfeitures	439,194	404,576	34,618
All Other Revenue	311,110	263,451	47,659
Total	<u>\$14,181,935</u>	<u>\$13,276,389</u>	<u>\$905,546</u>

## **DARKE COUNTY, OHIO**

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### ***Management's Discussion and Analysis For the Year Ended December 31, 2007***

***Unaudited***

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General Fund revenues increased approximately 7%. An increase in the County's sales tax rate resulted in the increase in tax revenues.

	2007	2006	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Public Safety	\$4,005,031	\$3,813,689	\$191,342
Health	59,425	66,630	(7,205)
Human Services	318,499	305,714	12,785
Community and Economic Development	206,902	208,902	(2,000)
Public Works	90,193	123,670	(33,477)
General Government	5,950,053	5,543,589	406,464
Total	<u>\$10,630,103</u>	<u>\$10,062,194</u>	<u>\$567,909</u>

The expenditures increased \$567,909 or about 6% from the prior year. Increases in public safety can be attributed to salary increases in the sheriffs department. The increase in general government can mostly be attributed to increases in health insurance costs.

*Auto License and Gas Fund* – The County's Auto License and Gas Tax Fund reported increases to both revenues and overall fund balance as a result of increases in vehicle license fees, gas taxes, and investment earnings.

*MRDD Fund* – The County's MRDD Fund reported an increase in fund balance of approximately 6%. Expenditures in this fund increased approximately 8% due in part to an increase in salaries.

*Public Assistance Fund* – The County's Public Assistance Fund reported an increase in fund balance of 24%. This was mainly the result of an increase in grants.

*WAGC Permanent Improvement Fund* – The WAGC Permanent Improvement fund continued to report the issuance and retirement of long-term notes payable for improvements at the complex.

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2007 the County amended its General Fund budget several times, none significant.

For the General Fund, budget basis revenue of \$14.1 million was higher than final budget estimates of \$12.9 million due mostly to an increase in taxes. The General Fund had an adequate fund balance to cover expenditures.

## DARKE COUNTY, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2007*

*Unaudited*

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of 2007 the County had \$81,204,190 net of accumulated depreciation invested in land, buildings, improvements, equipment, vehicles and infrastructure. Of this total, \$81,151,509 was related to governmental activities and \$52,681 to the business-type activities. The following table shows fiscal 2006 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2007	2006	
	Land	\$8,869,262	\$8,822,379
Construction in Progress	956,695	0	956,695
Buildings and Improvements	16,658,180	15,867,303	790,877
Machinery and Equipment	9,987,116	9,772,217	214,899
Infrastructure	90,658,558	87,912,705	2,745,853
Less: Accumulated Depreciation	(45,978,302)	(42,435,112)	(3,543,190)
Totals	\$81,151,509	\$79,939,492	\$1,212,017

Increases in infrastructure can mostly be attributed to Mcgreevey Road and Sebring-Warner Road reconstruction projects as well as routine road resurfacing. Improvements to the County Home and Sheriff building resulted in the increase in building improvements and construction in progress.

	Business-Type Activities		Increase (Decrease)
	2007	2006	
	Land	\$8,000	\$8,000
Sewer Lines	45,865	45,865	0
Machinery and Equipment	72,188	59,432	12,756
Less: Accumulated Depreciation	(73,372)	(69,090)	(4,282)
Totals	\$52,681	\$44,207	\$8,474

The purchase of a digital imager in the solid waste department resulted in the increase in business-type capital assets. Additional information on the County's capital assets can be found in Note 8.



## **DARKE COUNTY, OHIO**

### ***Management's Discussion and Analysis For the Year Ended December 31, 2007***

***Unaudited***

#### ***Debt***

At December 31, 2007, the County had \$3.6 million in G.O. bonds outstanding, \$120,000 due within one year. The following table summarizes the County's debt outstanding as of December 31, 2006 and 2007:

	<u>2007</u>	<u>2006</u>
Governmental Activities:		
General Obligation Bond:		
WAGC Improvement	\$3,645,000	\$3,760,000
Long Term Notes Payable	569,358	204,486
Compensated Absences	1,551,994	1,413,208
Capital Leases Payable	11,378	26,047
Total Governmental Activities	<u>5,777,730</u>	<u>5,403,741</u>
Business-Type Activities:		
Special Assessment Bond:		
Rolin Acres	0	11,700
Compensated Absences	4,490	8,847
Total Business-Type Activities	<u>4,490</u>	<u>20,547</u>
Totals	<u><u>\$5,782,220</u></u>	<u><u>\$5,424,288</u></u>

Additional information on the County's long-term debt can be found in Note 12.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The economic downturn that the County has recently experienced has certainly had an impact on all levels of state and local government. The County's budget for the general fund in 2008 is very conservative. Total revenues are projected to be almost 3.59% less than what was actually received in fiscal year 2007. 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 2008.

Although this conservative budget is a reflection of a volatile economic climate, local business development in the County continues to grow. In 2007, Armstrong Cabinets broke ground on a new 60,000 square foot warehouse facility in Union City. With this new facility, Armstrong plans to employ 8 full-time people.

Wayne Hospital opened a new medical facility in Versailles in 2007, and bought and renovated a building in Union City to turn into a new medical facility. Wayne Hospital also plans to break ground in 2008 on a multi-million dollar expansion of their current facilities in Greenville.

Also in 2007, the Andersons Marathon Ethanol LLC started work on a new 110 million-gallon ethanol facility in Greenville. This will be the largest ethanol plant in Ohio, and is expected to create 39 new full-time positions.

# ***DARKE COUNTY, OHIO***

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2007***

***Unaudited***

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## **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 show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Ginn, Auditor of Darke County.



## DARKE COUNTY, OHIO

### Statement of Net Assets December 31, 2007

	Governmental Activities	Business-Type Activities	Total	Component Units	
				Visitors Bureau	Wayne Industries
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 15,157,147	\$ 819,758	\$ 15,976,905	\$ 111,241	\$ 328,430
Cash and Cash Equivalents with Fiscal Agent	720,247	0	720,247	0	0
Investments with Fiscal Agent	10,000	0	10,000	0	0
Receivables:					
Taxes	6,269,222	0	6,269,222	0	0
Accounts	218,594	22,314	240,908	489	28,087
Intergovernmental	6,378,475	0	6,378,475	0	0
Interest	214,072	0	214,072	0	0
Special Assessments	38,827	2,587	41,414	0	0
Loans	1,085,093	0	1,085,093	0	0
Internal Balance	1,955	(1,955)	0	0	0
Inventory of Supplies at Cost	386,713	30	386,743	0	0
Prepaid Items	38,018	13,773	51,791	0	0
Non-Depreciable Capital Assets	9,825,957	8,000	9,833,957	0	0
Depreciable Capital Assets, Net	71,325,552	44,681	71,370,233	5,274	41,029
<b>Total Assets</b>	<b>111,669,872</b>	<b>909,188</b>	<b>112,579,060</b>	<b>117,004</b>	<b>397,546</b>
<b>Liabilities:</b>					
Accounts Payable	597,570	4,393	601,963	4,882	2,502
Accrued Wages and Benefits	327,377	2,371	329,748	0	291
Intergovernmental Payable	312,793	2,377	315,170	0	0
Contracts Payable	287,841	0	287,841	0	0
Unearned Revenue	4,971,786	0	4,971,786	0	0
Compensated Absences Payable	12,825	0	12,825	0	0
Accrued Interest Payable	105,726	0	105,726	0	0
General Obligation Notes Payable	3,250,000	0	3,250,000	0	0
Long Term Liabilities:					
Due Within One Year	1,015,960	2,381	1,018,341	0	0
Due in More Than One Year	4,761,770	2,109	4,763,879	0	0
<b>Total Liabilities</b>	<b>15,643,648</b>	<b>13,631</b>	<b>15,657,279</b>	<b>4,882</b>	<b>2,793</b>
<b>Net Assets:</b>					
Invested in Capital Assets, Net of Related Debt	73,675,773	52,681	73,728,454	5,274	41,029
Restricted For:					
Street Improvements	7,740,402	0	7,740,402	0	0
Job and Family Services	1,296,730	0	1,296,730	0	0
MRDD	2,765,029	0	2,765,029	0	0
Community Development	2,017,827	0	2,017,827	0	0
Other Purposes	3,895,312	0	3,895,312	0	0
Unrestricted	4,635,151	842,876	5,478,027	106,848	353,724
<b>Total Net Assets</b>	<b>\$ 96,026,224</b>	<b>\$ 895,557</b>	<b>\$ 96,921,781</b>	<b>\$ 112,122</b>	<b>\$ 394,753</b>

See accompanying notes to the basic financial statements

## DARKE COUNTY, OHIO

### Statement of Activities For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Public Safety	\$ 4,684,592	\$ 295,604	\$ 501,271	\$ 0
Health	271,625	158,304	0	0
Human Services	13,948,111	1,612,854	8,775,874	0
Community and Economic Development	913,076	139,578	1,044,553	0
Public Works	6,384,177	286,987	4,764,689	1,067,319
General Government	7,583,552	2,426,208	534,174	0
Interest and Fiscal Charges	456,285	0	0	0
<b>Total Governmental Activities</b>	34,241,418	4,919,535	15,620,561	1,067,319
<b>Business-Type Activities:</b>				
Sewer District #1	15,882	18,484	0	0
Rossburg Sanitary Sewer	37,688	58,289	0	0
Pitsburg Area Sub District	0	11,475	0	0
Northtown Sewer Project	1,955	0	0	0
Stillwater Estates	8,208	8,925	0	0
Solid Waste	289,924	261,253	0	0
Adult Daycare	40,816	37,127	0	0
<b>Total Business-Type Activities</b>	394,473	395,553	0	0
<b>Totals</b>	\$ 34,635,891	\$ 5,315,088	\$ 15,620,561	\$ 1,067,319
<b>Component Units:</b>				
Visitors Bureau	\$ 128,728	\$ 154,779		
Wayne Industries	314,295	315,450		
<b>Total Component Units</b>	\$ 443,023	\$ 470,229		

#### General Revenues

Property Taxes Levied for:  
     General Purposes  
     MRDD  
     Sales Tax  
     Intergovernmental Revenues, Unrestricted  
     Investment Earnings  
     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

## DARKE COUNTY, OHIO

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Governmental Activities	Business-Type Activities	Total	Visitors Bureau	Wayne Industries
\$ (3,887,717)	\$ 0	\$ (3,887,717)		
(113,321)	0	(113,321)		
(3,559,383)	0	(3,559,383)		
271,055	0	271,055		
(265,182)	0	(265,182)		
(4,623,170)	0	(4,623,170)		
(456,285)	0	(456,285)		
<u>(12,634,003)</u>	<u>0</u>	<u>(12,634,003)</u>		
0	2,602	2,602		
0	20,601	20,601		
0	11,475	11,475		
0	(1,955)	(1,955)		
0	717	717		
0	(28,671)	(28,671)		
0	(3,689)	(3,689)		
<u>0</u>	<u>1,080</u>	<u>1,080</u>		
<u>(12,634,003)</u>	<u>1,080</u>	<u>(12,632,923)</u>		
			\$ 26,051	\$ 0
			<u>0</u>	<u>1,155</u>
			<u>26,051</u>	<u>1,155</u>
2,496,107	0	2,496,107	0	0
2,646,455	0	2,646,455	0	0
7,500,135	0	7,500,135	0	0
1,948,658	0	1,948,658	0	0
1,145,476	0	1,145,476	1,194	11,868
1,267,275	0	1,267,275	0	0
(10,772)	10,772	0	0	0
<u>16,993,334</u>	<u>10,772</u>	<u>17,004,106</u>	<u>1,194</u>	<u>11,868</u>
4,359,331	11,852	4,371,183	27,245	13,023
91,666,893	883,705	92,550,598	84,877	381,730
<u>\$ 96,026,224</u>	<u>\$ 895,557</u>	<u>\$ 96,921,781</u>	<u>\$ 112,122</u>	<u>\$ 394,753</u>

## DARKE COUNTY, OHIO

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2007**

	General	Auto License and Gas Tax	MRDD	Public Assistance
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,821,996	\$ 5,113,843	\$ 1,920,097	\$ 277,957
Cash and Cash Equivalents with Fiscal Agent	286,344	0	368,599	0
Investments with Fiscal Agent	0	0	0	0
Receivables:				
Taxes	3,689,208	0	2,580,014	0
Accounts	181,274	17,462	0	0
Intergovernmental	216,115	2,470,092	317,495	1,658,308
Interest	120,882	84,860	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Interfund Loans Receivable	3,614	0	230	0
Inventory of Supplies, at Cost	61,022	298,702	9,402	8,928
Prepaid Items	28,608	39	233	2,438
<b>Total Assets</b>	<b>\$ 6,409,063</b>	<b>\$ 7,984,998</b>	<b>\$ 5,196,070</b>	<b>\$ 1,947,631</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 35,727	\$ 10,031	\$ 4,245	\$ 108,174
Accrued Wages and Benefits Payable	140,777	27,226	58,113	50,265
Intergovernmental Payable	139,475	27,504	53,377	45,710
Contracts Payable	0	0	8,028	0
Interfund Loans Payable	0	0	0	0
Deferred Revenue	2,828,086	1,646,728	2,750,682	1,106,677
Compensated Absences Payable	12,825	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,156,890</b>	<b>1,711,489</b>	<b>2,874,445</b>	<b>1,310,826</b>
<b>Fund Balance:</b>				
Reserved for Encumbrances	14,228	1,812	30,317	0
Reserved for Prepaid Items	28,608	39	233	2,438
Reserved for Supplies Inventory	61,022	298,702	9,402	8,928
Reserved for Debt Service	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Reserved for Endowments	0	0	0	0
Undesignated, Unreserved in:				
General Fund	3,148,315	0	0	0
Special Revenue Funds	0	5,972,956	2,281,673	625,439
Capital Projects Funds (Deficit)	0	0	0	0
<b>Total Fund Balance</b>	<b>3,252,173</b>	<b>6,273,509</b>	<b>2,321,625</b>	<b>636,805</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 6,409,063</b>	<b>\$ 7,984,998</b>	<b>\$ 5,196,070</b>	<b>\$ 1,947,631</b>

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

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WAGC Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 6,023,254	\$ 15,157,147
0	65,304	720,247
0	10,000	10,000
0	0	6,269,222
0	19,858	218,594
0	1,716,465	6,378,475
0	8,330	214,072
0	38,827	38,827
0	1,085,093	1,085,093
0	51,925	55,769
0	8,659	386,713
0	6,700	38,018
<u>\$ 0</u>	<u>\$ 9,034,415</u>	<u>\$ 30,572,177</u>
\$ 0	\$ 439,393	\$ 597,570
0	50,996	327,377
0	46,727	312,793
0	279,813	287,841
0	53,814	53,814
0	1,103,526	9,435,699
0	0	12,825
84,100	0	84,100
3,250,000	0	3,250,000
<u>3,334,100</u>	<u>1,974,269</u>	<u>14,362,019</u>
0	746,332	792,689
0	6,700	38,018
0	8,659	386,713
0	15	15
0	1,085,093	1,085,093
0	109,314	109,314
0	0	3,148,315
0	4,948,453	13,828,521
(3,334,100)	155,580	(3,178,520)
<u>(3,334,100)</u>	<u>7,060,146</u>	<u>16,210,158</u>
<u>\$ 0</u>	<u>\$ 9,034,415</u>	<u>\$ 30,572,177</u>

**DARKE COUNTY, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2007***

---

**Total Governmental Fund Balances** \$ 16,210,158

***Amounts reported for governmental activities in the  
statement of net assets are different because***

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 81,151,509

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 4,463,913

Long-term liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported in the funds.

General Obligation Bonds	(3,645,000)	
Long Term Notes Payable	(569,358)	
Compensated Absences Payable	(1,551,994)	
Capital Lease Payable	(11,378)	
Accrued Interest Payable	(21,626)	
	(5,799,356)	(5,799,356)

***Net Assets of Governmental Activities*** **\$ 96,026,224**

See accompanying notes to the basic financial statements



*DARKE COUNTY, OHIO*

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## DARKE COUNTY, OHIO

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2007

	General	Auto License and Gas Tax	MRDD	Public Assistance
<b>Revenues:</b>				
Taxes	\$ 9,989,569	\$ 0	\$ 2,639,719	\$ 0
Intergovernmental Revenues	1,295,416	4,804,201	1,813,101	4,240,598
Charges for Services	1,208,470	0	527,150	0
Licenses and Permits	91,383	0	0	0
Investment Earnings	846,793	270,425	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	439,194	0	0	0
All Other Revenue	311,110	36,748	4,299	0
<b>Total Revenue</b>	<b>14,181,935</b>	<b>5,111,374</b>	<b>4,984,269</b>	<b>4,240,598</b>
<b>Expenditures:</b>				
Current:				
Public Safety	4,005,031	0	0	0
Health	59,425	0	0	0
Human Services	318,499	0	4,848,679	4,213,717
Community and Economic Development	206,902	0	0	0
Public Works	90,193	4,924,937	0	0
General Government	5,950,053	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>10,630,103</b>	<b>4,924,937</b>	<b>4,848,679</b>	<b>4,213,717</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,551,832	186,437	135,590	26,881
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,928	16,750	0	0
Long Term Notes Issued	0	0	0	0
Transfers In	474	0	0	95,494
Transfers Out	(2,562,455)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(2,560,053)</b>	<b>16,750</b>	<b>0</b>	<b>95,494</b>
Net Change in Fund Balance	991,779	203,187	135,590	122,375
<b>Fund Balance (Deficit) at Beginning of Year</b>	<b>2,261,662</b>	<b>6,048,377</b>	<b>2,185,754</b>	<b>513,635</b>
Increase (Decrease) in Inventory Reserve	(1,268)	21,945	281	795
<b>Fund Balance (Deficit) End of Year</b>	<b>\$ 3,252,173</b>	<b>\$ 6,273,509</b>	<b>\$ 2,321,625</b>	<b>\$ 636,805</b>

See accompanying notes to the basic financial statements

## DARKE COUNTY, OHIO

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WAGC Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 12,629,288
0	5,103,049	17,256,365
0	2,457,804	4,193,424
0	126,240	217,623
0	28,258	1,145,476
0	9,253	9,253
0	65,057	504,251
0	990,118	1,342,275
0	8,779,779	37,297,955
0	495,521	4,500,552
0	162,716	222,141
0	4,487,752	13,868,647
0	704,082	910,984
0	226,254	5,241,384
0	1,122,930	7,072,983
0	3,102,839	3,102,839
0	133,941	133,941
220,178	230,334	450,512
220,178	10,666,369	35,503,983
(220,178)	(1,886,590)	1,793,972
0	0	18,678
0	463,299	463,299
186,078	3,213,390	3,495,436
0	(943,753)	(3,506,208)
186,078	2,732,936	471,205
(34,100)	846,346	2,265,177
(3,300,000)	6,217,554	13,926,982
0	(3,754)	17,999
\$ (3,334,100)	\$ 7,060,146	\$ 16,210,158

## **DARKE COUNTY, OHIO**

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### ***Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Fiscal Year Ended December 31, 2007***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 2,265,177

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	5,403,931	
Depreciation Expense	<u>(3,998,279)</u>	1,405,652

Governmental funds only report the disposal of assets to the extent proceeds are received from sale. In the statement of activities, a gain or loss is reported for each disposal.

This is the amount of the loss on the disposal of capital assets net of proceeds received.		(193,635)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

1,313,566

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets. In addition, the payment of principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	115,000	
Long Term Note Principal Payment	18,941	
Capital Lease Principal Payment	14,669	
Long Term Note Payable Issued	<u>(463,299)</u>	(314,689)

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.

(5,773)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(138,786)	
Change in Inventory	<u>17,999</u>	(120,787)

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities.

Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.

9,820

***Change in Net Assets of Governmental Activities***

\$ 4,359,331

See accompanying notes to the basic financial statements

## DARKE COUNTY, OHIO

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 9,063,000	\$ 9,193,000	\$ 9,893,620	\$ 700,620
Intergovernmental Revenue	1,199,298	1,195,298	1,277,781	82,483
Charges for Services	1,177,175	1,176,850	1,228,969	52,119
Licenses and Permits	75,100	90,250	91,383	1,133
Investment Earnings	653,475	653,475	848,494	195,019
Fines and Forfeitures	407,000	407,000	439,194	32,194
All Other Revenues	216,395	218,201	306,399	88,198
Total Revenues	<u>12,791,443</u>	<u>12,934,074</u>	<u>14,085,840</u>	<u>1,151,766</u>
<b>Expenditures:</b>				
Current:				
Public Safety	4,017,694	4,081,189	3,998,950	82,239
Health	97,499	97,499	59,096	38,403
Human Services	456,457	454,048	316,136	137,912
Community and Economic Development	207,702	207,702	206,902	800
Public Works	109,233	110,954	90,582	20,372
General Government	6,364,437	6,455,331	6,212,734	242,597
Total Expenditures	<u>11,253,022</u>	<u>11,406,723</u>	<u>10,884,400</u>	<u>522,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,538,421	1,527,351	3,201,440	1,674,089
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources	255,130	273,753	332,885	59,132
Sale of Capital Assets	0	0	1,928	1,928
Transfers In	60,000	60,000	474	(59,526)
Transfers Out	(2,744,841)	(2,698,852)	(2,629,359)	69,493
Advances In	372	372	372	0
Advances Out	(100,000)	(103,614)	(103,614)	0
Total Other Financing Sources (Uses):	<u>(2,529,339)</u>	<u>(2,468,341)</u>	<u>(2,397,314)</u>	<u>71,027</u>
Net Change in Fund Balance	(990,918)	(940,990)	804,126	1,745,116
Fund Balance at Beginning of Year	942,973	942,973	942,973	0
Prior Year Encumbrances	49,927	49,927	49,927	0
Fund Balance at End of Year	<u>\$ 1,982</u>	<u>\$ 51,910</u>	<u>\$ 1,797,026</u>	<u>\$ 1,745,116</u>

See accompanying notes to the basic financial statements

## DARKE COUNTY, OHIO

***Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Auto License and Gas Tax Fund  
For the Year Ended December 31, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 4,832,500	\$ 4,832,500	\$ 4,778,712	\$ (53,788)
Investment Earnings	250,000	250,000	268,886	18,886
All Other Revenues	15,000	15,000	19,286	4,286
Total Revenues	<u>5,097,500</u>	<u>5,097,500</u>	<u>5,066,884</u>	<u>(30,616)</u>
<b>Expenditures:</b>				
Current:				
Public Works	<u>6,501,279</u>	<u>6,530,829</u>	<u>5,376,029</u>	<u>1,154,800</u>
Total Expenditures	<u>6,501,279</u>	<u>6,530,829</u>	<u>5,376,029</u>	<u>1,154,800</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,403,779)	(1,433,329)	(309,145)	1,124,184
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources	250,000	250,000	405,955	155,955
Sale of Capital Assets	0	0	16,750	16,750
Other Financing Uses	(3,000)	(3,000)	(200)	2,800
Advances In	0	0	500,000	500,000
Advances Out	<u>0</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>247,000</u>	<u>(253,000)</u>	<u>422,505</u>	<u>675,505</u>
Net Change in Fund Balance	(1,156,779)	(1,686,329)	113,360	1,799,689
Fund Balance at Beginning of Year	4,868,990	4,868,990	4,868,990	0
Prior Year Encumbrances	<u>120,450</u>	<u>120,450</u>	<u>120,450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,832,661</u>	<u>\$ 3,303,111</u>	<u>\$ 5,102,800</u>	<u>\$ 1,799,689</u>

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – MRDD Fund  
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 2,572,321	\$ 2,572,321	\$ 2,639,719	\$ 67,398
Intergovernmental Revenues	1,587,008	1,587,008	1,531,042	(55,966)
Charges for Services	540,500	540,500	527,150	(13,350)
All Other Revenues	5,500	5,500	4,299	(1,201)
Total Revenues	<u>4,705,329</u>	<u>4,705,329</u>	<u>4,702,210</u>	<u>(3,119)</u>
<b>Expenditures:</b>				
Current:				
Human Services	5,020,100	5,001,575	4,679,810	321,765
Total Expenditures	<u>5,020,100</u>	<u>5,001,575</u>	<u>4,679,810</u>	<u>321,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(314,771)	(296,246)	22,400	318,646
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources	85,000	85,000	88,969	3,969
Other Financing Uses	(2,000)	(2,000)	(204)	1,796
Advances In	0	0	5,411	5,411
Advances Out	(17,258)	(17,258)	(4,641)	12,617
Total Other Financing Sources (Uses)	<u>65,742</u>	<u>65,742</u>	<u>89,535</u>	<u>23,793</u>
Net Change in Fund Balance	(249,029)	(230,504)	111,935	342,439
Fund Balance at Beginning of Year	1,756,959	1,756,959	1,756,959	0
Prior Year Encumbrances	18,525	18,525	18,525	0
Fund Balance at End of Year	<u>\$ 1,526,455</u>	<u>\$ 1,544,980</u>	<u>\$ 1,887,419</u>	<u>\$ 342,439</u>

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Public Assistance Fund  
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 4,071,629	\$ 4,158,629	\$ 4,215,058	\$ 56,429
Total Revenues	4,071,629	4,158,629	4,215,058	56,429
<b>Expenditures:</b>				
Current:				
Human Services	4,606,605	4,768,440	4,537,858	230,582
Total Expenditures	4,606,605	4,768,440	4,537,858	230,582
Excess (Deficiency) of Revenues Over (Under) Expenditures	(534,976)	(609,811)	(322,800)	287,011
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources	414,317	414,317	243,453	(170,864)
Transfers In	95,494	95,494	95,494	0
Total Other Financing Sources (Uses)	509,811	509,811	338,947	(170,864)
Net Change in Fund Balance	(25,165)	(100,000)	16,147	116,147
Fund Balance at Beginning of Year	236,645	236,645	236,645	0
Prior Year Encumbrances	25,165	25,165	25,165	0
Fund Balance at End of Year	\$ 236,645	\$ 161,810	\$ 277,957	\$ 116,147

See accompanying notes to the basic financial statements



*DARKE COUNTY, OHIO*

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**DARKE COUNTY, OHIO**

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***Statement of Net Assets  
Proprietary Funds  
December 31, 2007***

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	Business Type Activities- Enterprise Funds
<b>Assets:</b>	
<b><i>Current Assets:</i></b>	
Cash and Cash Equivalents	\$ 819,758
Receivables:	
Accounts	22,314
Special Assessments	2,587
Inventory of Supplies at Cost	30
Prepaid Items	13,773
<b><i>Total Current Assets</i></b>	<b><u>858,462</u></b>
<b><i>Noncurrent Assets:</i></b>	
Non-Depreciable Capital Assets	8,000
Depreciable Capital Assets, Net	44,681
<b><i>Total Noncurrent Assets</i></b>	<b><u>52,681</u></b>
<b>Total Assets</b>	<b><u>911,143</u></b>
<b>Liabilities:</b>	
<b><i>Current Liabilities:</i></b>	
Accounts Payable	4,393
Accrued Wages and Benefits	2,371
Intergovernmental Payable	2,377
Interfund Loans Payable	1,955
Compensated Absences Payable - Current	2,381
<b><i>Total Current Liabilities</i></b>	<b><u>13,477</u></b>
<b><i>Noncurrent Liabilities</i></b>	
Compensated Absences Payable	2,109
<b><i>Total Noncurrent Liabilities</i></b>	<b><u>2,109</u></b>
<b>Total Liabilities</b>	<b><u>15,586</u></b>
<b>Net Assets:</b>	
Invested in Capital Assets	52,681
Unrestricted	842,876
<b>Total Net Assets</b>	<b><u>\$ 895,557</u></b>

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007**

	Business-Type Activities- Enterprise Funds	Governmental Activities - Internal Service Funds
<b>Operating Revenues:</b>		
Charges for Services	\$ 374,743	\$ 11,178
Other Operating Revenue	7,378	0
<b>Total Operating Revenues</b>	<b>382,121</b>	<b>11,178</b>
<b>Operating Expenses:</b>		
Personal Services	146,801	0
Contractual Services	229,943	0
Materials and Supplies	13,331	0
Depreciation	4,282	0
<b>Total Operating Expenses</b>	<b>394,357</b>	<b>0</b>
Operating Income (Loss)	(12,236)	11,178
<b>Nonoperating Revenue (Expenses):</b>		
Investment Earnings	432	0
Interest Expense	(321)	(1,153)
Other Nonoperating Revenue	13,000	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>13,111</b>	<b>(1,153)</b>
Income Before Transfers	875	10,025
Transfers In	10,772	0
Change in Net Assets	11,647	10,025
Net Assets Beginning of Year	883,910	(10,025)
Net Assets End of Year	895,557	\$ 0
Change in Net Assets - Total Enterprise Funds	11,647	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	205	
<b>Change in Net Assets - Business-type Activities</b>	<b>\$ 11,852</b>	

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

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**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2007**

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	Business-Type Activities- Enterprise Funds	Governmental Activities - Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$405,152	\$31,276
Interfund Services Provided and Used	0	(790)
Cash Payments for Goods and Services	(253,363)	0
Cash Payments to Employees	(150,475)	0
Net Cash Provided by Operating Activities	<u>1,314</u>	<u>30,486</u>
<u>Cash Flows from Noncapital Financing Activities:</u>		
Advances In	51,955	0
Advances Out	0	(50,000)
Transfers In	10,772	0
Transfers Out	0	(81,724)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>62,727</u>	<u>(131,724)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition and Construction of Assets	(12,756)	0
Principal Paid on Special Assessment Bond	(11,700)	0
Interest Paid on All Debt	(428)	0
Net Cash Used by Capital and Related Financing Activities	<u>(24,884)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>		
Interest Income	432	0
Net Cash Provided by Investing Activities	<u>432</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	39,589	(101,238)
Cash and Cash Equivalents at Beginning of Year	<u>780,169</u>	<u>101,238</u>
Cash and Cash Equivalents at End of Year	<u>\$819,758</u>	<u>\$0</u>

(Continued)

## DARKE COUNTY, OHIO

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***Statement of Cash Flows***  
***Proprietary Funds***  
***For the Year Ended December 31, 2007***

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	<u>Business-Type Activities- Enterprise Funds</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by Operating Activities:</u>		
Operating Income (Loss)	(\$12,236)	\$11,178
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation Expense	4,282	0
Non-Operating Revenue	13,000	0
Changes in Assets and Liabilities:		
Decrease in Cash with Fiscal Agent	0	18,553
(Increase) Decrease in Accounts Receivable	(292)	246
Decrease in Special Assessment Receivable	10,323	0
Decrease in Inventory	1,323	0
(Increase) Decrease in Prepaids	(13,494)	1,299
Increase in Accounts Payable	2,082	0
Increase in Accrued Wages and Benefits	383	0
Decrease in Health Insurance Claims Payable	0	(790)
Increase in Intergovernmental Payables	300	0
Decrease in Compensated Absences Payable	(4,357)	0
Total Adjustments	<u>13,550</u>	<u>19,308</u>
Net Cash Provided by Operating Activities	<u><u>\$1,314</u></u>	<u><u>\$30,486</u></u>

See accompanying notes to the basic financial statements

**DARKE COUNTY, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2007***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 2,256,594
Cash and Cash Equivalents with Fiscal Agent	356,072
Investments with Fiscal Agent	75,000
Receivables:	
Taxes	27,418,227
Intergovernmental	3,675,424
Special Assessments	<u>10,280</u>
<b>Total Assets</b>	<u><u>33,791,597</u></u>
<b>Liabilities:</b>	
Intergovernmental Payable	27,428,507
Undistributed Monies	<u>6,363,090</u>
<b>Total Liabilities</b>	<u><u>\$ 33,791,597</u></u>

See accompanying notes to the basic financial statements

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. 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.

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the County (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the County's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the County. Based on the foregoing, the County's financial reporting entity includes all funds, agencies, boards and commissions that are part of the primary government. For Darke County, this includes the Children's Services Board, the Board of Mental Retardation and Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, County Home, the Darke County Veterans Services, and all departments and activities that are directly operated by the elected County Officials. The County owns and operates a wastewater treatment and collection system, which is reported as an enterprise fund. In addition, Darke County (the primary government) has two component units, The Darke County Visitors Bureau, Inc. and Wayne Industries.

Discretely Presented Component Units – The component unit columns in the financial statements includes the financial data of the County's two component units. They are reported in separate columns to emphasize that they are legally separate from the County. The component units are being presented as a part of the County's reporting entity because the County is financially accountable for the component units and it would be misleading to exclude them.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **A. Reporting Entity (Continued)**

***Darke County Visitors Bureau, Inc.*** – The Darke County Visitors Bureau, Inc. is a legally separate not-for-profit corporation served by a board appointed by the Darke County Board of Commissioners. The corporation was established for the purpose of the promotion of business and tourism within Darke County. The Darke County Auditor distributes bed tax funds to The Darke County Visitors Bureau, Inc. Based on the significant resources provided by the County and upon the ability of the County to impose its will upon The Darke County Visitors Bureau, Inc, the entity is reflected as a component unit of the County. Separately issued financial statements can be obtained from The Darke County Visitors Bureau, Inc. at 537 South Broadway Suite 203, Greenville, Ohio 45331.

***Wayne Industries*** – Wayne Industries is a legally separate, not-for-profit corporation served by a board appointed by the Darke County Board of MRDD. The workshop, under contractual agreement with the Darke County Board of Mental Retardation and Developmental Disabilities, provides sheltered employment for mentally retarded or handicapped individuals in Darke County. The Darke County Board of MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the clients, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Wayne Industries. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Darke County, the workshop is a component unit of Darke County. 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 the separate agencies, boards and commissions listed below, the County serves as the fiscal agent but is not financially accountable. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements:

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

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, and Insurance Purchasing Pools. These organizations are presented in Notes 14, 16 and 17 to the basic financial statements.



## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting**

The accounting policies of Darke County, Ohio, conform to generally accepted accounting principles as applicable to governmental units. The accounting policies of the discretely presented component units are consistent with those of the County. The following is a summary of the more significant policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The following fund types are used by the County:

***Governmental Funds*** - are the funds through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. All governmental funds are accounted for using a current "financial resources" measurement focus. This measurement focus generally provides that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the County's major governmental funds:

**General Fund** - represents the general operating fund of the County. It 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 laws of Ohio.

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

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

**Public Assistance 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.

**Wagner Avenue Government Center Permanent Improvement Fund** - This fund receives and expends bond proceeds for improvements at the Complex.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

***Proprietary Funds*** - are accounted for on an “economic resources” measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Enterprise Funds** - are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Internal Service Fund**- is used to account for the County’s self-insurance activity. Employee medical benefits are provided by the self-insurance fund to other County departments on a cost reimbursement basis.

***Fiduciary Funds*** - The County’s only fiduciary fund type is its agency funds. The County’s agency funds hold assets such as property and other taxes as well as other intergovernmental resources that have been collected by the County and will be distributed to other taxing districts located within the County. The County’s agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or accounts of operations.

##### **C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Certain indirect costs have been included as part of the program expenses reported for the various functional activities.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements** (Continued)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

**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 rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

##### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus. The financial statements of the governmental funds are prepared using the modified accrual basis of accounting. Under this basis, revenues are recorded when susceptible to accrual, i.e., both measurable and available.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting** (Continued)

The term “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the County is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due. Revenues which are measurable but not considered available, such as delinquent real and personal property taxes for which availability is indeterminate, are recorded as deferred revenue. Property taxes which are measurable at December 31, 2007 but not available, are recorded as deferred revenue.

Deferred revenues also arise when resources are received by the government before the government has a legal claim to them, such as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods when revenue recognition criteria are met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Non-exchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, sales tax, federal and state intergovernmental grants, levied fines and forfeitures, state-levied locally shared taxes (including motor vehicle registration fees) and certain charges for current services.

Other revenues, including licenses and permits, certain charges for services and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and the agency funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*,” the County follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The County has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budget control within a fund is at the object level by department by function. Budgetary modifications may only be made through resolution of the County Commissioners. Budgetary information has not been presented for the discretely presented component units because it is not included in the entity for which the appropriated budget is adopted nor does the entity maintain separate budgetary records.

##### **1. Tax Budget**

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

##### **2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the County by September 1 of each year. As part of the certification process, the County receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the County must revise its budget so the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2007.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Budgetary Process** (Continued)

##### **3. Appropriations**

A temporary appropriations resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriations resolution must be passed by April 1 of each year for the period January 1 through December 31. The appropriations resolution establishes spending controls at the fund, function, department and object level. The appropriations resolution may be amended during the year by resolution of the County Commissioners as additional information becomes available, provided that total fund appropriations do not exceed current estimated resources. Expenditures may not legally exceed budgeted appropriations at the object level. During 2007, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. Commissioners appropriations are made at the fund, department and object level (i.e. General Fund-Commissioners-salaries, supplies, equipment, contract repairs, travel expenses, maintenance and other expenses.)

The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### **4. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriations balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### **5. Budgetary Basis of Accounting**

The County's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major difference between the budgetary basis and the GAAP basis lies in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis: revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

**DARKE COUNTY, OHIO**

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

A reconciliation of the results of operations for 2007 from the GAAP basis to the budgetary basis for the General and Major Special Revenue Funds is shown below:

	Net Change in Fund Balance			
	General Fund	Auto License and Gas Tax Fund	MRDD Fund	Public Assistance Fund
GAAP Basis (as reported)	\$991,779	\$203,187	\$135,590	\$122,375
Increase (Decrease):				
Accrued Revenues at December 31, 2007 received during 2008	(1,669,353)	(925,686)	(96,325)	(551,630)
Accrued Revenues at December 31, 2006 received during 2007	1,575,031	881,196	74,827	526,090
Accrued Expenditures at December 31, 2007 paid during 2008	328,804	64,761	123,763	204,149
Accrued Expenditures at December 31, 2006 paid during 2007	(401,646)	(99,234)	(107,942)	(290,728)
2006 Prepays for 2007	33,087	218	14,934	8,329
2007 Prepays for 2008	(28,608)	(39)	(233)	(2,438)
Outstanding Encumbrances	(24,968)	(11,043)	(32,679)	0
Budget Basis	\$804,126	\$113,360	\$111,935	\$16,147

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **F. Cash and Cash Equivalents**

The County Treasurer pools cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each had maintained its own cash and investment account. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent." See Note 3, "Cash, Cash Equivalents and Investments."

##### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 3, "Cash, Cash Equivalents and Investments".

##### **H. Inventory of Supplies**

On the government-wide financial statements and in the proprietary funds, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

##### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2007, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

##### **J. Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.



**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Capital Assets and Depreciation**

Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and an estimated useful life threshold of five or more years.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital asset values were determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing current market costs back to the estimated year of acquisition.

**2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

**3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Machinery and Equipment	5 - 6
Buildings	30
Sewer Lines	25
Office Equipment	5
Infrastructure	15 - 100

**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	General Obligation Bond Retirement Fund
Capital Lease	General Fund
Long Term Notes	Ross-Medford TIF Fund, Anderson Marathon TIF Fund, General Obligation Bond Retirement Fund
Special Assessment Bond	Sewer District
Compensated Absences	General Fund Auto License and Gas Tax Fund Dog and Kennel Fund Public Assistance Fund County Home Fund Ditch Maintenance Fund County MR/DD Fund Child Support Enforcement Fund Solid Waste Fund, Adult Daycare Fund Real Estate Assessment Fund, DRETAC Fund Community Corrections Fund Economic Development Fund Visitation House Fund Michael's Juvenile Center Fund Certificate of Title Administration Fund Felony Delinquent Care and Custody Fund Juvenile Diversion Program Fund Children's Services Fund

**M. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments, at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date and on leave balances accumulated by other employees expected to become eligible in the future to receive such payments.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **M. Compensated Absences (Continued)**

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

Compensated absences are expensed in the proprietary funds when earned. The related liability is reported within the fund.

##### **N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for public safety and mandatory fines for various court programs.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### **O. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

##### **P. Interfund Activity**

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

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. 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 inventories of materials and supplies, prepaid items, debt service, endowments, loan receivables, and encumbered amounts not accrued at year end in the governmental funds.

##### **R. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are adult daycare fees, sewer and water treatment and distribution, and interfund charges for the internal service funds. 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 nonoperating revenues and expenses.

##### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. The County had no extraordinary or special items to report during fiscal year 2007.

#### **NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

At December 31, 2007 the following funds had a deficit in Fund Balance:

	<u>Fund Deficit</u>
Special Revenue Fund:	
Help Me Grow Grant Fund	\$81,767
Capital Projects Fund:	
Wagner Avenue Government Center Permanent Improvement Fund	3,334,100
Enterprise Fund:	
Northtown Sewer Project Fund	1,955

The fund deficit in the Wagner Avenue Government Center Permanent Improvement Fund arises from the recognition of general obligation notes payable within the fund under the modified accrual basis of accounting. Under the budgetary basis of accounting, proceeds from the sale of notes are recognized as revenue and expenditures are recognized when paid, therefore, a deficit does not exist. The fund deficits in all other funds arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/cash basis. The general fund provides transfers when cash is required, not when accruals occur.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County Treasurer combines a majority of cash resources of the individual funds to form a pool of cash and investments. Each fund type's portion of this pool is displayed on the financial statements as "Cash and Cash Equivalents." For purposes of the statement of cash flows, the enterprise and internal service funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents. Ohio law requires the classification of funds 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 or 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 may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of County cash and deposits is provided by the federal deposit insurance corporation 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 (FDIC). 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.

At year end, the carrying amount of the County's (primary government) deposits was \$19,394,818 and the bank balance was \$21,100,121. Federal depository insurance covered \$1,168,921 of the bank balance and \$19,931,200 was uninsured. Of the remaining uninsured bank balance, the County was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the County's name	<u>\$19,931,200</u>
Total Balance	<u>\$19,931,200</u>

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 County had \$53,149 in undeposited cash on hand at December 31, 2007, which is included as Cash and Cash Equivalents in the financial statements.

At year end, the carrying amount of The Darke County Visitors Bureau, Inc.'s (component unit) deposits was \$111,241. There are no statutory guidelines regarding the deposit and investment of funds by the not-for-profit corporation. The County is not the fiscal agent for the corporation. At year end, the carrying amount of Wayne Industries (component unit) deposits was \$328,430.

**DARKE COUNTY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

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**NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund, the Auto License and Gas Tax Fund, the Workforce Development Fund, the Microenterprise Business Development Grant Fund, the Community Development Block Grant Fund, the Community Housing Improvement Fund, the Home Repayment Fund, the Market Development Solid Waste Grant Fund and the Gifts and Bequest Fund (special revenue) amounted to \$846,793, \$270,425, \$995, \$1,334, \$11,882, \$121, \$3,483, \$4,734 and \$5,709 respectively.

**B. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments for the primary government on the financial statements and classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$19,309,818	\$85,000
Certificates of Deposit (with maturities of more than 3 months)	<u>85,000</u>	<u>(85,000)</u>
Per GASB Statement No. 3	<u>\$19,394,818</u>	<u>\$0</u>

\*Includes undeposited cash on hand and cash and cash equivalents with fiscal agent.

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property located in the County and used in business. Real property taxes (other than public utility) collected during 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, the lien date. Assessed values were established by the county auditor at 35 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.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 4 – TAXES (Continued)**

##### **A. Property Taxes** (Continued)

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

In prior years, tangible personal property used in business (except for public utilities) was assessed for ad valorem taxation purposes at 25 percent of its true value. As part of a phase out of the personal property tax, the assessment percentage for personal property was reduced to 12.5 percent in 2007. The rate will be reduced to 6.25 percent for 2008 and finally to zero in 2009. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property 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 to the County for the year ended December 31, 2007, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2007 tax levy was based was \$951,521,640. This amount constitutes \$838,573,280 in real property assessed value, \$53,652,890 in public utility assessed value and \$59,295,470 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the County's share is .63% (6.3 mills) of assessed value.

##### **B. Permissive Sales and Use Tax**

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



**DARKE COUNTY, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

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**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2007, consisted of taxes, interest, special assessments, accounts receivable, loans, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. A summary of intergovernmental receivables follows:

Fund	
General Fund	\$216,115
Auto License and Gas Tax Fund	2,470,092
MRDD Fund	317,495
Public Assistance Fund	1,658,308
Other Governmental Funds	1,716,465
Total Governmental Funds	6,378,475
Agency Funds:	
Total All Agency Funds	3,675,424
Total All Funds	\$10,053,899

**NOTE 6 - INTERFUND TRANSACTIONS / INTERFUND RECEIVABLES AND PAYABLES**

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2007 of \$1,955, which is offset in the Governmental Activities by the same amount. The composition of interfund balances as of December 31, 2007, is as follows:

Interfund Loans Receivable/Payable	Receivable	Payable
Governmental Funds:		
General Fund	\$3,614	\$0
Community MRDD Fund	230	0
Other Governmental Funds	51,925	53,814
Total Governmental Funds	55,769	53,814
Proprietary Fund:		
Northtown Sewer Project Fund	0	1,955
Totals	\$55,769	\$55,769

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

**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 7 - TRANSFERS**

The following balances at December 31, 2007 represent transfers in and transfers out:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$474	\$2,562,455
Public Assistance Fund	95,494	0
WAGC Permanent Improvement Fund	186,078	0
Other Governmental Funds	<u>3,213,390</u>	<u>943,753</u>
Total Governmental Funds	3,495,436	3,506,208
Proprietary Fund:		
Solid Waste Fund	<u>10,772</u>	<u>0</u>
Total All Funds	<u><u>\$3,506,208</u></u>	<u><u>\$3,506,208</u></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 service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

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**DARKE COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2007:

<i>Historical Cost:</i>				
Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$8,822,379	\$46,883	\$0	\$8,869,262
Construction in Progress	0	956,695	0	956,695
Subtotal	<u>8,822,379</u>	<u>1,003,578</u>	<u>0</u>	<u>9,825,977</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	15,867,303	790,877	0	16,658,180
Machinery and Equipment	9,772,217	543,238	(328,339)	9,987,116
Infrastructure	87,912,705	3,066,238	(320,385)	90,658,558
Subtotal	<u>113,552,225</u>	<u>4,400,353</u>	<u>(648,724)</u>	<u>117,303,854</u>
Total Cost	<u>\$122,374,604</u>	<u>\$5,403,931</u>	<u>(\$648,724)</u>	<u>\$127,129,811</u>
 <i>Accumulated Depreciation:</i>				
Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings and Improvements	(\$6,728,225)	(\$432,917)	\$0	(\$7,161,142)
Machinery and Equipment	(6,801,939)	(686,860)	292,826	(7,195,973)
Infrastructure	(28,904,948)	(2,878,502)	162,263	(31,621,187)
Total Depreciation	<u>(\$42,435,112)</u>	<u>(\$3,998,279) *</u>	<u>\$455,089</u>	<u>(\$45,978,302)</u>
<i>Net Value:</i>	<u>\$79,939,492</u>			<u>\$81,151,509</u>

\* Depreciation expenses were charged to governmental functions as follows:

Public Safety	\$148,748
Health	47,544
Human Services	3,997
Community and Economic Development	2,044
Public Works	3,136,271
General Government	659,675
Total Depreciation Expense	<u>\$3,998,279</u>

**DARKE COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 8 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2007:

*Historical Cost:*

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$8,000	\$0	\$0	\$8,000
Subtotal	8,000	0	0	8,000
<i>Capital assets being depreciated:</i>				
Sewer Lines	45,865	0	0	45,865
Machinery and Equipment	59,432	12,756	0	72,188
Subtotal	105,297	12,756	0	118,053
Total Cost	\$113,297	\$12,756	\$0	\$126,053
<i>Accumulated Depreciation:</i>				
Class	December 31, 2006	Additions	Deletions	December 31, 2007
Sewer Lines	(\$15,686)	(\$1,651)	\$0	(\$17,337)
Machinery and Equipment	(53,404)	(2,631)	0	(56,035)
Total Depreciation	(\$69,090)	(\$4,282)	\$0	(\$73,372)
<i>Net Value:</i>	\$44,207			\$52,681

**NOTE 9 – DEFINED BENEFIT PENSION PLANS**

All of the County’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (the “Ohio PERS”)**

The following information was provided by the Ohio PERS to assist the County in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the County, except teachers at the Mental Retardation and Developmental Disabilities Board, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD 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).

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). Plan members, other than those engaged in law enforcement, are required to contribute 9.5% of their annual covered salary to fund pension obligations; law enforcement employees contribute 10.1%. For plan members other than those engaged in law enforcement, the County is required to contribute 13.85% of covered payroll for 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care from January 1 through June 30, 2007 and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% to fund health care. The County contribution for law enforcement employees for 2007 was 17.17%, 12.17% to fund the pension and 5.0% to fund health care from January 1 through June 30, 2007 and from July 1, 2007 through December 31, 2007, 11.17% to fund the pension and 6.0% to fund health care. The contribution requirements of plan members and the County are established and may be amended by the Public Employees Retirement Board. The County's contributions to the Ohio PERS for the years ending December 31, 2007, 2006, and 2005 were \$1,904,253, \$1,852,548 and \$1,774,995, respectively, which were equal to the required contributions for each year.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$756,202.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 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, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. State Teachers Retirement System of Ohio (STRS of Ohio)**

The teachers who work for the Mental Retardation and Developmental Disabilities Board participate in the State Teachers Retirement System of Ohio, a cost sharing, multiple-employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, or by calling (614) 227-7877 or by visiting the STRS Ohio Web site 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% of earned compensation among various investment choices. 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.

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.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)**

The Ohio Revised Code provides statutory authority for County and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the County are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2007 13% was allocated to fund the pension benefit and 1% to fund health care. The County's contributions to the STRS of Ohio for the years ending June 30, 2007, 2006, and 2005 were \$6,293, \$10,293, and \$15,502, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2007 the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$450 for the County. The balance of the Health Care Stabilization Fund was \$4.1 billion at June 30, 2007. For the fiscal year ended June 30, 2006, the net health care costs paid by STRS were \$265,558,000. There were 122,934 eligible benefit recipients.

#### **NOTE 10 – COMPENSATED ABSENCES**

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has acquired at least one year of service within the County. The County records a liability for accumulated unused sick leave for all employees, except employees of the MRDD Department, after five years of current service with the County. For employees of the MRDD Department, the County records a liability for accumulated unused sick leave after ten years of current service with the County.

At December 31, 2007, the County's accumulated, unpaid compensated absences amounted to \$1,556,484. The compensated absences amount is paid from numerous funds. See Note 1 M for further disclosure.



**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 11 - NOTES PAYABLE**

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.

	Balance January 1, 2007	Issued	(Retired)	Balance December 31, 2007
Capital Projects General Obligation Notes:				
3.10% Wagner Avenue Government Center	\$2,200,000	\$0	(\$2,200,000)	\$0
4.20% Wagner Avenue Government Center	0	2,175,000	0	2,175,000
6.40% Wagner Avenue Government Center	1,100,000	0	(1,100,000)	0
6.70% Wagner Avenue Government Center	0	1,075,000	0	1,075,000
4.40% County Building Renovation	1,000,000	0	(1,000,000)	0
Total Capital Projects Notes Payable	<u>\$4,300,000</u>	<u>\$3,250,000</u>	<u>(\$4,300,000)</u>	<u>\$3,250,000</u>

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**DARKE COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Details of the changes in the bonds and other long-term obligations of the County for the year ended December 31, 2007 are indicated below:

				Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007	Amount Due Within One Year
<b>Governmental Activities:</b>								
General Obligation Bond:								
Various	WAGC Improvement	2027	\$3,760,000	\$0	(\$115,000)	\$3,645,000	\$120,000	
Long Term Notes Payable:								
5.10%	Ross Medford Road Improvement	2010	125,000	0	(18,941)	106,059	19,389	
5.65%	Anderson Marathon TIF Improvement	2017	0	463,299	0	463,299	0	
Total Long Term Notes Payable			<u>125,000</u>	<u>463,299</u>	<u>(18,941)</u>	<u>569,358</u>	<u>19,389</u>	
Loan Payable:								
5.00%	CCAO Loan	2007	79,486	0	(79,486)	0	0	
Compensated Absences Payable			1,413,208	1,551,994	(1,413,208)	1,551,994	865,193	
Capital Lease Payable			26,047	0	(14,669)	11,378	11,378	
Total Governmental Activities			<u>5,403,741</u>	<u>2,015,293</u>	<u>(1,641,304)</u>	<u>5,777,730</u>	<u>1,015,960</u>	
<b>Business-Type Activities:</b>								
Special Assessment Bond:		2007	11,700	0	(11,700)	0	0	
3.65%	Rolin Acres							
Compensated Absences			8,847	4,490	(8,847)	4,490	2,381	
Total Business-Type Activities			<u>20,547</u>	<u>4,490</u>	<u>(20,547)</u>	<u>4,490</u>	<u>2,381</u>	
Total Other Long-Term Obligations			<u>\$5,424,288</u>	<u>\$2,019,783</u>	<u>(\$1,661,851)</u>	<u>\$5,782,220</u>	<u>\$1,018,341</u>	

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors should not exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County less the same exempt debt should not exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The effects of the debt limitations at December 31, 2007 are an overall debt margin of \$15,601,482, and an unvoted legal debt margin of \$2,089,874.

**DARKE COUNTY, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007**

**NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

A summary of the County's future debt service requirements including principal and interest at December 31, 2007 follows:

Years	General Obligation Bond		Capital Lease		Long Term Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$120,000	\$169,512	\$11,378	\$184	\$19,389	\$32,161
2009	120,000	165,432	0	0	71,765	29,943
2010	125,000	161,112	0	0	117,823	26,069
2011	130,000	156,362	0	0	51,459	20,352
2012	135,000	151,292	0	0	51,459	17,492
2013-2017	775,000	666,033	0	0	257,463	43,627
2018-2022	980,000	470,586	0	0	0	0
2023-2027	1,260,000	200,646	0	0	0	0
Totals	<u>\$3,645,000</u>	<u>\$2,140,975</u>	<u>\$11,378</u>	<u>\$184</u>	<u>\$569,358</u>	<u>\$169,644</u>

**NOTE 13 - CAPITALIZED LEASE**

The County is leasing a telephone system. The cost of the leased asset is accounted for in the Governmental Activities Capital Assets and the related liability in the Governmental Activities Other Long-Term Obligations. The original cost of the assets under capital lease was \$70,000.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2007:

Year Ending December 31,	Capital Leases
2008	<u>\$11,562</u>
Minimum Lease Payments	11,562
Less: Amount representing interest at the County's incremental borrowing rate of interest	<u>(184)</u>
Present value of minimum lease payments	<u>\$11,378</u>

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 14 - RISK MANAGEMENT**

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

##### **A. Shared Risk Pools**

*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 of losses and pay all contribution necessary for the specified insurance coverage provided by CORSA.

<b>Coverages provided by CORSA are as follows:</b>	<b>Amounts</b>
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 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 2007, the County contributed \$197,477. Complete financial statements can be obtained from the County Risk Sharing Authority, Inc. at 175 South Third Street, Suite 500, Columbus, Ohio 43215.

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 14 - RISK MANAGEMENT (Continued)**

##### **A. Shared Risk Pools (Continued)**

*County Commissioners' Association of Ohio Worker's Compensation Group Rating Program* – The County is participating in the County Commissioner's Association of Ohio Worker's Compensation Group Rating Program (CCAO) as established under Section 4123.29 of the Ohio Revised Code. The intent of the CCAO is to achieve lower worker's compensation rates while establishing safe working conditions and environments for the participants. The worker's compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the CCAO. Each participant pays its worker's compensation premium rate to the State based on the rate for the CCAO rather than its individual rate. In order to allocate the savings derived by formation of the CCAO, and to maximize the number of participants in the CCAO, annually the CCAO's executive committee calculates the total savings which accrued to the CCAO through its formation. This savings is then compared to the overall savings percentage of the CCAO. The CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAO is limited to counties that can meet the CCAO's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the CCAO. Each year, the County pays an enrollment fee to the CCAO to cover the costs of administering the CCAO.

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

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

##### **B. Self-Insurance**

The County provides accidental death and dismemberment life insurance benefits for all employees with insurance and employees of the Sheriff's Department in the amount of \$15,000. The County has maintained a self-insurance internal service fund to account for and finance its uninsured risks of loss related to employee medical benefits. This self-insurance program was discontinued in 2006. Employee health insurance is provided through the purchase of commercial insurance coverage.

The activity reported in the Self-Insurance fund in 2007 is the residual activity of the County health insurance program.

**DARKE COUNTY, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007*

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**NOTE 15 - SEGMENT INFORMATION**

The following is segment information for the County's Sewer District #1 Fund:

<b>Condensed Statement of Net Assets</b>	<u>District #1</u>
Assets	
Current Assets	\$22,713
Capital Assets	36,525
Total Assets	<u>59,238</u>
Liabilities	
Current Liabilities	838
Noncurrent Liabilities	0
Total Liabilities	<u>838</u>
Net Assets	
Invested in Capital Assets	36,525
Unrestricted	21,875
Total Net Assets	<u><u>\$58,400</u></u>

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**DARKE COUNTY, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2007***

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**NOTE 15 - SEGMENT INFORMATION (Continued)**

<b>Condensed Statement of Revenues, Expenses, and Changes in Net Assets</b>	<u>District #1</u>
Operating Revenues	\$18,052
Depreciation Expense	1,651
Other Operating Expenses	<u>14,115</u>
Operating Income	2,286
Nonoperating Revenues (Expenses):	
Investment Income	432
Interest Expense	<u>(321)</u>
Total Nonoperating Revenues (Expenses)	111
Changes in Net Assets	2,397
Beginning Net Assets	<u>56,003</u>
Ending Net Assets	<u><u>\$58,400</u></u>
<b>Condensed Statement of Cash Flows</b>	<u>District #1</u>
Net Cash Provided (Used) By:	
Operating Activities	\$14,364
Capital and Related Financing Activities	(12,128)
Investing Activities	<u>432</u>
Net Increase	2,668
Beginning Cash and Cash Equivalents	<u>17,458</u>
Ending Cash and Cash Equivalents	<u><u>\$20,126</u></u>

## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 16 – JOINT VENTURES**

***Darke County Emergency Management Agency (EMA)*** – The Darke County Emergency Management Agency (EMA) is a joint venture among Darke County, the City of Greenville, townships, and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the board of county commissioners entering into the agreement; four chief executives representing the municipal corporations and townships entering into the agreement; and two non-elected representatives. The County contributed \$41,215 for the operation of the agency. The EMA is a joint venture since it cannot continue to exist without the financial support of the County.

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

#### **NOTE 17 - 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 Darke, Miami, and Shelby 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 Darke, Miami and Shelby counties in the same proportion as the County's population bears to the total population of the three counties combined. During 2007, the County contributed \$530,325 by voted levy for the operations of the organization.



## **DARKE COUNTY, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **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 characteristics, 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 respective 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 \$3,382 for the operation of the Commission during 2007.

##### **C. West Central Ohio Network**

The West Central Ohio Network (West Con) is a jointly governed organization among Darke, Miami, Auglaize, Mercer, Logan, Shelby, Preble, Hardin, and Union counties. West Con was created to serve as the administrator and fiscal agent of Supported Living funds for the Boards of Mental Retardation and Development Disabilities (MR/DD 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 MR/DD Boards. Payments to West Con are limited to the Supported Living funds of each participating county. During 2007, the County contributed \$26,578 to West Con. Financial information can be obtained from Saul Bauer, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

#### **NOTE 18 - RELATED PARTY TRANSACTIONS**

Wayne Industries has entered into a contractual agreement with the Darke County Board of Mental Retardation/Developmental Disabilities (MRDD), whereby the MRDD provides sheltered employment for mentally retarded or handicapped individuals in Darke County. The MRDD provides the workshop with personnel necessary for the operation of the habilitation services to the client, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Wayne Industries. During 2007, the fair value of this support was \$137,009.

## ***DARKE COUNTY, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2007***

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#### **NOTE 19 - CONTINGENT LIABILITIES**

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.

**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>(Passed through the Ohio Department of Education)</i>				
Federal Food Distribution Program	N/A	10.550		\$6,977
Nutrition Cluster:				
National School Breakfast Program	05-PU-07	10.553	\$6,237	
	05-PU-08		3,574	
Total National School Breakfast Program			<u>9,811</u>	
National School Lunch Program	04-PU-07	10.555	9,295	
	04-PU-08		5,113	
Total National School Lunch Program			<u>14,408</u>	
Total Nutrition Cluster			<u>24,219</u>	
Total U.S. Department of Agriculture			<u>24,219</u>	<u>6,977</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>(Passed through the Ohio Department of Development)</i>				
Community Development Block Grant	B-F-05-018-1	14.228	49,069	
	B-F-06-018-1		210,426	
	BC-05-018-1		74,714	
Total Community Development Block Grant Program			<u>334,209</u>	
Home Investment Partnership Program	BC-05-018-2	14.239	340,783	
Total Home Investment Partnership Program			<u>340,783</u>	
Total U.S. Department of Housing and Urban Development			<u>674,992</u>	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>(Passed through Ohio Department of Criminal Justice Services)</i>				
Violence Against Women Act	2003-WF-VA5-8811A	16.588	15,695	
	2003-WF-VA5-8811B		15,688	
Total Violence Against Women Act			<u>31,383</u>	
<i>(Passed through Ohio Bureau of Criminal ID &amp; Investigation)</i>				
National Institute of Justice Resrch, Eval, & Develop Proj Grant	2005-DN-BX-K002	16.560	2,375	
<b>Total U.S. Department of Justice</b>			<u>33,758</u>	
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
<i>(Passed through Workforce Investment Act Area 7)</i>				
Workforce Investment Act Cluster:				
WIA - Adult Administrative	N/A	17.258	7,293	
WIA - Adult	N/A		103,520	
Total Adult Program			<u>110,813</u>	
WIA - Dislocated Workers Administrative	N/A	17.260	6,564	
WIA - Dislocated Workers	N/A		93,235	
Total Dislocated Workers			<u>99,799</u>	
WIA - Youth Administrative	N/A	17.259	4,376	
WIA - Youth	N/A		60,212	
Total Youth Program			<u>64,588</u>	
Total U.S. Department of Labor			<u>275,200</u>	

(Continued)

**DARKE COUNTY  
FINANCIAL CONDITION**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>(Direct Receipt)</i>				
Airport Improvement Program	AIP-3-39-0082-0104	20.106	11,689	
	AIP-3-39-0082-0306		4,805	
	AIP-3-39-0082-0407		13,592	
Total Airport Improvement Program			30,086	
<i>(Passed through Ohio Department of Public Safety)</i>				
Highway Planning and Construction	E070(237)	20.205	32,500	
Total U.S. Department of Transportation			62,586	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>(Passed through Ohio Department of Education)</i>				
Title VI-B	017902-6BSF-2007	84.027	36,707	
	017902-6BSF-2008		19,000	
Total Title VI-B			55,707	
Innovative Programs, Title V Grant	071092-C2SI-2007	84.298	235	
	071092-C2SI-2008		256	
Total Innovative Programs, Title V Grant			491	
<i>(Passed through Ohio Department of Health)</i>				
Help Me Grow Part C	19-1-003-1-EG-07	84.181	22,512	
	19-1-003-1-EG-08		15,300	
Total Help Me Grow Part C			37,812	
Total U.S. Department of Education			94,010	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Promoting Safe and Stable Families	N/A	93.556	42,157	
<i>(Passed through Secretary State of Ohio)</i>				
Voting Access for Individuals with Disabilities - Grants to States	06-S0S-HHHS-19	93.617	1,489	
<i>(Passed through Ohio Dept. of Mental Ret. and Dev. Disabilities)</i>				
Title XX	MR-19-07	93.667	22,234	
	MR-19-08		24,040	
Total Title XX			46,274	
State Childrens Insurance Program	N/A	93.767		
Year 2006			1,825	
Year 2007			4,113	
Total Childrens Insurance Program			5,938	
Medical Assistance Program (Medicaid XIX)		93.778		
Targeted Case Management 2005	19000-10-CY05		(50)	
Targeted Case Management 2006	19000-10-CY06		64,560	
Targeted Case Management 2007	19000-10-CY07		127,093	
Total Targeted Case Management			191,603	
Day Habilitation L1 Wavier 2006	19000-10-CY06		15,379	
Day Habilitation L1 Wavier 2007	19000-10-CY07		41,790	
Total Day Habilitation L1 Waiver			57,169	
Day Habilitation I/O Wavier 2005	19000-10-CY05		(40)	
Day Habilitation I/O Wavier 2006	19000-10-CY06		40,764	
Day Habilitation I/O Wavier 2007	19000-10-CY07		157,341	
Total Day Habilitation I/O Waiver			198,065	
Total Medical Assistance Program (Medicaid XIX)			446,837	
Total U.S. Department of Health and Human Services			542,695	
Total Federal Programs			\$1,707,460	\$6,977

See accompanying notes to the Schedule of Federal Awards Expenditure.

**FINANCIAL CONDITION  
DARKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**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.

These loans are collateralized by mortgages on the property. As December 31, 2007, the gross amount of loans outstanding under this program was \$312,399.

**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).

These loans are collateralized by mortgages on the property. At December 31, 2007, the gross amount of loans outstanding under program was \$772,694.

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# 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*

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Darke County, (the County) as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 13, 2008. 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 expressing our opinions on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

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

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

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

We noted certain matters that we reported to the County's management in a separate letter dated August 13, 2008.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item: 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated August 13, 2008

We intend this report solely for the information and use of the audit committee, management, Board of County Commissioners, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

August 13, 2008





# Mary Taylor, CPA

## Auditor of State

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

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

#### 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, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the 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, 2007. In a separate letter to the County's management dated August 13, 2008, we reported other matters related to federal noncompliance not requiring inclusion in this report.

#### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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**Internal Control Over Compliance  
(Continued)**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We noted a matter involving internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated August 13, 2008.

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



**Mary Taylor, CPA**  
Auditor of State

August 13, 2008

**FINANCIAL CONDITION  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<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 other significant deficiencies reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance 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 other significant deficiencies 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?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA 93.778 - Medical Assistance Program CFDA 14.228 - Community Development Block Grant CFDA 14.239 – Home Investment Partnership Program
<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>	No

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

**FINDING 2007-001**

**FINDING FOR RECOVERY – REPAID UNDER AUDIT**

On October 11, 2007, Darke County issued check number 181785 from the 2005 Community Home Improvement Program to Bollinger Enterprises, in the amount of \$1,040 on invoice number FY2005.33DC for services rendered from September 16, 2007 through September 30, 2007. The total charges for services rendered on the Bollinger Enterprises invoice totaled \$520. The invoice was submitted for payment twice by the Darke County Grants Department and both submitted invoices were approved by the County Commissioners and processed for payment by the County Auditor. As a result, Bollinger Enterprises was overpaid \$520.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against David Bollinger doing business as Bollinger Enterprises, in the amount of \$520 in favor of the County's 2005 Community Home Improvement Program Grant Fund.

The finding was repaid under audit on July 10, 2008, by Bollinger Enterprises' check number 7101 in the amount of \$520. The funds were repaid to Darke County Community Home Improvement Program Grant Fund 198 (2005 CHIP Grant Fund) by Bollinger Enterprises on July 10, 2008, on County pay-in 040534.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**Mary Taylor, CPA**  
Auditor of State

**FINANCIAL CONDITION**

**DARKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 11, 2008**