



OHIO AUDITOR OF STATE  
**KEITH FABER**





**DARKE COUNTY  
DECEMBER 31, 2019**

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DARKE COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

To the Board of County Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying modified cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Darke County, Ohio (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Darke County, Ohio, as of December 31, 2019, and the respective changes in modified cash financial position and where applicable cash flows and the respective budgetary comparison for the General, Auto License and Gas Tax, BODD and Job and Family Services funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matter**

As discussed in Note 4 to the financial statements, during 2019, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also as discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 22, 2020

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**Darke County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2019*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$31,394,878	\$631,332	\$32,026,210
Cash and Cash Equivalents in Segregated Accounts	200,883	0	200,883
Cash and Cash Equivalents with Fiscal Agent	7,999	0	7,999
Investments in Segregated Accounts	38,749	0	38,749
Investments with Fiscal Agent	975,676	0	975,676
<i>Total Assets</i>	<u>\$32,618,185</u>	<u>\$631,332</u>	<u>\$33,249,517</u>
<b>Net Position</b>			
Restricted for:			
Debt Service	\$14,061	\$0	\$14,061
Capital Outlay	723,394	0	723,394
Other Purposes	20,049,012	0	20,049,012
Unrestricted	11,831,718	631,332	12,463,050
<i>Total Net Position</i>	<u>\$32,618,185</u>	<u>\$631,332</u>	<u>\$33,249,517</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2019*

	Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$6,652,047	\$3,198,291	\$50,390	\$105,503
Judicial	4,204,056	1,704,911	604,273	0
Public Safety	6,909,394	599,198	498,563	0
Public Works	5,299,434	365,225	5,908,031	0
Health	560,233	245,810	2,901	0
Human Services	11,363,668	1,628,266	6,987,136	0
Economic Development	625,102	583,835	255,725	0
Intergovernmental	214,552	0	0	0
Capital Outlay	3,229,234	1,454	0	1,447,621
Debt Service:				
Principal Retirement	402,300	0	0	0
Interest and Fiscal Charges	170,805	0	0	0
<i>Total Governmental Activities</i>	<u>39,630,825</u>	<u>8,326,990</u>	<u>14,307,019</u>	<u>1,553,124</u>
<b>Business-type activities:</b>				
Sewer	329,965	331,318	0	0
Solid Waste	597,791	333,546	148,775	0
<i>Total business-type activities</i>	<u>927,756</u>	<u>664,864</u>	<u>148,775</u>	<u>0</u>
<i>Total primary government</i>	<u>\$40,558,581</u>	<u>\$8,991,854</u>	<u>\$14,455,794</u>	<u>\$1,553,124</u>

General Receipts:  
Property Taxes Levied for:  
    General Purposes  
    Other Purposes  
Permissive Sales Taxes  
Permissive Motor Vehicle License Tax  
Grants and Entitlements not Restricted to Specific Programs  
Unrestricted Investment Earnings  
Miscellaneous  
*Total General Receipts*

*Extraordinary Item:*  
Insurance Recovery from Barn Fire

Change in Net Position

*Net Position Beginning of Year - Restated (Note 4)*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$3,297,863)	\$0	(\$3,297,863)
(1,894,872)	0	(1,894,872)
(5,811,633)	0	(5,811,633)
973,822	0	973,822
(311,522)	0	(311,522)
(2,748,266)	0	(2,748,266)
214,458	0	214,458
(214,552)	0	(214,552)
(1,780,159)	0	(1,780,159)
	0	
(402,300)	0	(402,300)
(170,805)	0	(170,805)
<u>(15,443,692)</u>	<u>0</u>	<u>(15,443,692)</u>
0	1,353	1,353
0	(115,470)	(115,470)
0	(114,117)	(114,117)
<u>(15,443,692)</u>	<u>(114,117)</u>	<u>(15,557,809)</u>
3,405,850	0	3,405,850
2,749,666	0	2,749,666
9,088,330	0	9,088,330
514,112	0	514,112
1,928,687	0	1,928,687
649,063	0	649,063
144,788	22,173	166,961
<u>18,480,496</u>	<u>22,173</u>	<u>18,502,669</u>
1,008,363	0	1,008,363
4,045,167	(91,944)	3,953,223
<u>28,573,018</u>	<u>723,276</u>	<u>29,296,294</u>
<u>\$32,618,185</u>	<u>\$631,332</u>	<u>\$33,249,517</u>

**Darke County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2019*

	General	Auto License and Gas Tax	BODD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$9,394,513	\$5,832,110	\$5,595,493	\$527,620	\$10,045,142	\$31,394,878
Cash and Cash Equivalents in Segregated Accounts	154,922	0	0	0	45,961	200,883
Cash and Cash Equivalents with Fiscal Agent	0	0	7,999	0	0	7,999
Investments in Segregated Accounts	28,749	0	0	0	10,000	38,749
Investments with Fiscal Agent	0	0	975,676	0	0	975,676
<i>Total Assets</i>	<u>\$9,578,184</u>	<u>\$5,832,110</u>	<u>\$6,579,168</u>	<u>\$527,620</u>	<u>\$10,101,103</u>	<u>\$32,618,185</u>
<b>Fund Balances</b>						
Restricted	\$0	\$5,832,110	\$6,579,168	\$527,620	\$7,847,569	\$20,786,467
Committed	0	0	0	0	237,209	237,209
Assigned	7,569,307	0	0	0	2,016,325	9,585,632
Unassigned	2,008,877	0	0	0	0	2,008,877
<i>Total Fund Balances</i>	<u>\$9,578,184</u>	<u>\$5,832,110</u>	<u>\$6,579,168</u>	<u>\$527,620</u>	<u>\$10,101,103</u>	<u>\$32,618,185</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2019*

	General	Auto License and Gas Tax	BODD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Taxes	\$3,405,850	\$514,112	\$2,749,666	\$0	\$0	\$6,669,628
Permissive Sales Tax	9,088,330	0	0	0	0	9,088,330
Intergovernmental	2,026,825	5,502,201	1,850,793	3,457,010	4,534,263	17,371,092
Charges for Services	1,938,057	121,980	35,644	1,183,328	2,982,879	6,261,888
Licenses and Permits	103,898	0	0	0	225,885	329,783
Fines and Forfeitures	402,329	0	0	0	165,534	567,863
Special Assessments	0	0	0	0	302,120	302,120
Interest	649,063	105,081	5,612	0	5,415	765,171
Contributions and Donations	25,422	0	0	0	2,901	28,323
Other	434,635	184,780	66,600	72,139	480,694	1,238,848
<i>Total Receipts</i>	<u>18,074,409</u>	<u>6,428,154</u>	<u>4,708,315</u>	<u>4,712,477</u>	<u>8,699,691</u>	<u>42,623,046</u>
<b>Disbursements</b>						
Current:						
General Government:						
Legislative and Executive	5,755,865	0	0	0	896,182	6,652,047
Judicial	2,468,607	0	0	0	1,735,449	4,204,056
Public Safety	6,482,959	0	0	0	426,435	6,909,394
Public Works	35,807	4,987,889	0	0	275,738	5,299,434
Health	305,555	0	0	0	254,678	560,233
Human Services	495,987	0	3,483,824	4,515,612	2,868,245	11,363,668
Economic Development	0	0	0	0	625,102	625,102
Intergovernmental	214,552	0	0	0	0	214,552
Capital Outlay	0	0	0	0	3,229,234	3,229,234
Debt Service:						
Principal Retirement	0	0	0	0	402,300	402,300
Interest and Fiscal Charges	0	0	0	0	170,805	170,805
<i>Total Disbursements</i>	<u>15,759,332</u>	<u>4,987,889</u>	<u>3,483,824</u>	<u>4,515,612</u>	<u>10,884,168</u>	<u>39,630,825</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,315,077</u>	<u>1,440,265</u>	<u>1,224,491</u>	<u>196,865</u>	<u>(2,184,477)</u>	<u>2,992,221</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	26,700	4,214	6,027	0	7,642	44,583
Advances - In	190,221	0	0	0	439,865	630,086
Advances - Out	(439,865)	0	0	0	(190,221)	(630,086)
Transfers - In	266	0	0	91,356	3,162,942	3,254,564
Transfers - Out	(1,750,306)	(878,187)	(75,000)	0	(551,071)	(3,254,564)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,972,984)</u>	<u>(873,973)</u>	<u>(68,973)</u>	<u>91,356</u>	<u>2,869,157</u>	<u>44,583</u>
<i>Extraordinary Item:</i>						
Insurance Proceeds for Barn Fire	1,008,363	0	0	0	0	1,008,363
<i>Net Change in Fund Balances</i>	<u>1,350,456</u>	<u>566,292</u>	<u>1,155,518</u>	<u>288,221</u>	<u>684,680</u>	<u>4,045,167</u>
<i>Fund Balances Beginning of Year - Restated (Note 4)</i>	<u>8,227,728</u>	<u>5,265,818</u>	<u>5,423,650</u>	<u>239,399</u>	<u>9,416,423</u>	<u>28,573,018</u>
<i>Fund Balances End of Year</i>	<u>\$9,578,184</u>	<u>\$5,832,110</u>	<u>\$6,579,168</u>	<u>\$527,620</u>	<u>\$10,101,103</u>	<u>\$32,618,185</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Year Ended December 31, 2019*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Taxes	\$3,385,290	\$3,385,290	\$3,405,850	\$20,560
Permissive Sales Tax	8,200,000	9,115,694	9,088,330	(27,364)
Intergovernmental	1,813,715	1,813,715	2,026,825	213,110
Charges for Services	1,388,236	1,393,739	1,522,804	129,065
Licenses and Permits	146,200	146,200	103,898	(42,302)
Fines and Forfeitures	437,525	437,525	398,480	(39,045)
Interest	276,283	611,722	625,447	13,725
Other	185,850	186,513	279,132	92,619
<i>Total Receipts</i>	15,833,099	17,090,398	17,450,766	360,368
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	9,072,819	9,697,924	5,567,823	4,130,101
Judicial	2,599,956	2,610,691	2,470,274	140,417
Public Safety	6,691,617	6,775,817	6,294,943	480,874
Public Works	39,386	39,386	35,807	3,579
Health	324,808	324,808	309,205	15,603
Human Services	645,974	645,974	455,078	190,896
Intergovernmental	210,569	217,589	214,552	3,037
<i>Total Disbursements</i>	19,585,129	20,312,189	15,347,682	4,964,507
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,752,030)	(3,221,791)	2,103,084	5,324,875
<b>Other Financing Sources (Uses)</b>				
Insurance Proceeds	\$0	\$733,640	\$733,640	\$0
Proceeds from Sale of Capital Assets	0	0	26,700	26,700
Advances In	577,554	577,554	190,221	(387,333)
Advances Out	(1,231,848)	(1,474,776)	(439,865)	1,034,911
Transfers In	0	242,440	242,706	266
Transfers Out	(1,890,909)	(2,015,909)	(1,750,306)	265,603
<i>Total Other Financing Sources (Uses)</i>	(2,545,203)	(1,937,051)	(996,904)	940,147
<i>Net Change in Fund Balance</i>	(6,297,233)	(5,158,842)	1,106,180	6,265,022
<i>Fund Balance Beginning of Year</i>	6,156,261	6,156,261	6,156,261	0
Prior Year Encumbrances Appropriated	140,972	140,972	140,972	0
<i>Fund Balance End of Year</i>	\$0	\$1,138,391	\$7,403,413	\$6,265,022

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Auto License and Gas Tax Fund  
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Taxes	\$0	\$427,519	\$427,519	\$0
Intergovernmental	5,367,000	5,595,022	5,455,930	(\$139,092)
Charges for Services	142,000	142,000	124,017	(17,983)
Interest	85,000	85,000	105,081	20,081
Other	50,000	50,000	184,780	134,780
<i>Total Receipts</i>	5,644,000	6,299,541	6,297,327	(2,214)
<b>Disbursements</b>				
Current:				
Public Works	6,423,460	6,485,286	4,949,550	1,535,736
<i>Excess of Receipts Over (Under) Disbursements</i>	(779,460)	(185,745)	1,347,777	1,533,522
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	2,000	2,000	4,214	2,214
Transfers Out	(883,058)	(965,733)	(886,582)	79,151
Advances In	46,272	46,272	46,272	0
Advances Out	(46,272)	(46,272)	(46,272)	0
<i>Total Other Financing Sources (Uses)</i>	(881,058)	(963,733)	(882,368)	81,365
<i>Net Change in Fund Balance</i>	(1,660,518)	(1,149,478)	465,409	1,614,887
<i>Fund Balance at Beginning of Year</i>	5,181,263	5,181,263	5,181,263	0
Prior Year Encumbrances Appropriated	112	112	112	0
<i>Fund Balance at End of Year</i>	\$3,520,857	\$4,031,897	\$5,646,784	\$1,614,887

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*BODD Fund*  
*For the Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Taxes	\$2,708,000	\$2,747,563	\$2,749,666	\$2,103
Intergovernmental	1,426,121	1,556,534	1,489,534	(67,000)
Charges for Services	0	0	35,644	35,644
Other	5,100	5,100	28,436	23,336
<i>Total Receipts</i>	<u>4,139,221</u>	<u>4,309,197</u>	<u>4,303,280</u>	<u>(5,917)</u>
<b>Disbursements</b>				
Current:				
Human Services	<u>3,917,357</u>	<u>3,917,357</u>	<u>3,547,565</u>	<u>369,792</u>
<i>Excess of Receipts Over Disbursements</i>	<u>221,864</u>	<u>391,840</u>	<u>755,715</u>	<u>363,875</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	0	0	5,917	5,917
Transfers - Out	(325,000)	(325,000)	(75,000)	250,000
<i>Total Other Financing Sources (Uses)</i>	<u>(325,000)</u>	<u>(325,000)</u>	<u>(69,083)</u>	<u>255,917</u>
<i>Net Change in Fund Balance</i>	(103,136)	66,840	686,632	619,792
<i>Fund Balance at Beginning of Year</i>	3,778,616	3,778,616	3,778,616	0
Prior Year Encumbrances Appropriated	<u>37,237</u>	<u>37,237</u>	<u>37,237</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$3,712,717</u>	<u>\$3,882,693</u>	<u>\$4,502,485</u>	<u>\$619,792</u>

See accompanying notes to the basic financial statements



**Darke County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Job and Family Services Fund  
 For the Year Ended December 31, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$3,410,877	\$3,332,313	\$2,984,596	(\$347,717)
Charges for Services	857,000	857,000	1,183,328	326,328
Other	50,750	50,750	72,139	21,389
<i>Total Receipts</i>	<u>4,318,627</u>	<u>4,240,063</u>	<u>4,240,063</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Human Services	4,603,256	4,524,692	4,229,052	295,640
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(284,629)</u>	<u>(284,629)</u>	<u>11,011</u>	<u>295,640</u>
<b>Other Financing Sources:</b>				
Transfers - In	91,356	91,356	91,356	0
<i>Net Change in Fund Balance</i>	(193,273)	(193,273)	102,367	295,640
<i>Fund Balance at Beginning of Year</i>	<u>193,273</u>	<u>193,273</u>	<u>193,273</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$295,640</u></u>	<u><u>\$295,640</u></u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Fund Net Position - Modified Cash Basis*  
*Enterprise Funds*  
*December 31, 2019*

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	Enterprise Funds
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$631,332</u>
<b>Net Position</b>	
Unrestricted	<u>\$631,332</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Receipts, Disbursements and Changes in Fund Net Position*  
*Modified Cash Basis*  
*Enterprise Funds*  
For the Year Ended December 31, 2019

	Total
<b>Operating Receipts</b>	
Charges for Services	\$664,864
Other	22,173
<i>Total Operating Receipts</i>	687,037
<b>Operating Disbursements</b>	
Personal Services	122,572
Contractual Services	521,468
Materials and Supplies	64,101
Other	184,286
<i>Total Operating Disbursements</i>	892,427
<i>Operating Loss</i>	(205,390)
<b>Non-Operating Receipts (Disbursements)</b>	
State Grants	148,775
Capital Outlay	(35,329)
<i>Total Non-Operating Receipts (Disbursements)</i>	113,446
<i>Change in Net Position</i>	(91,944)
<i>Net Position Beginning of Year</i>	723,276
<i>Net Position End of Year</i>	\$631,332

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds*  
For the Year Ended December 31, 2019

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	Enterprise
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Support	\$664,864
Cash Received from Other Operating Receipts	22,173
Cash Payments for Employee Services and Benefits	(122,572)
Cash Payments to Suppliers	(585,569)
Cash Payments for Other Operating Disbursements	(184,286)
<i>Net Cash Used in Operating Activities</i>	(205,390)
<b>Cash Flows from Noncapital Financing Activities</b>	
State Grants	148,775
Acquisition of Capital Assets	(35,329)
<i>Net Cash Provided by Noncapital Financing Activities</i>	113,446
<i>Net Decrease in Cash and Cash Equivalents</i>	(91,944)
<i>Cash and Cash Equivalents Beginning of Year</i>	723,276
<i>Cash and Cash Equivalents End of Year</i>	\$631,332

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Fiduciary Net Position - Modified Cash Basis*  
*Custodial Funds*  
*December 31, 2019*

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**Assets**

Equity in Pooled Cash and Cash Equivalents	\$1,509,990
Cash and Cash Equivalents in Segregated Accounts	642,898
Investments in Segregated Accounts	<u>75,000</u>
<i>Total Assets</i>	<u><u>\$2,227,888</u></u>

**Net Position**

Restricted for Agencies of the County	\$914,863
Restricted for Individuals, Organizations, and Other Governments	<u>1,313,025</u>
<i>Total Net Position</i>	<u><u>\$2,227,888</u></u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Modified Cash Basis*  
*Custodial Funds*  
*December 31, 2019*

	Custodial Funds
<b>Additions</b>	
Property Tax Collections for Other Governments	\$44,227,172
Intergovernmental	6,102,326
Auto Title Fee Collections	7,911,624
Amounts Received as Fiscal Agent	3,651,184
Fines and Forfeitures for Other Governments	2,040,629
Licenses, Permits, and Fees for Other Governments	214,624
Sheriff Sale Collections for Other Governments	729,654
Amounts Received for Others	97,946
<i>Total Additions</i>	64,975,159
<b>Deductions</b>	
Distributions of Property Taxes to Other Governments	44,225,004
Distributions of State Funds to Other Governments	6,108,098
Distributions to the State of Ohio	8,060,116
Distributions as Fiscal Agent	3,552,343
Distribution of Fines and Forfeitures to Other Governments	1,745,529
Sheriff Sale Distributions to Other Governments	725,132
Other Distributions	97,008
<i>Total Deductions</i>	64,513,230
<i>Change in Net Position</i>	461,929
<i>Net Position Beginning of Year - Restated (Note 4)</i>	1,765,959
<i>Net Position End of Year</i>	\$2,227,888

See accompanying notes to the basic financial statements

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY**

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

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Darke County, this includes the Children's Services Board, the Board of Developmental Disabilities, the Child Support Enforcement Agency, the Community Corrections Planning Board, the Darke County Veterans Services, the Emergency Management Agency, and all departments and activities that are directly operated by the elected County Officials. The County owns and operates a sewer service and solid waste collection and disposal system, which is reported as an enterprise fund.

Component units are legally separate organizations for which the County is financially accountable and for which a financial benefit or burden relationship exists. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County is financially accountable for an organization if an organization is fiscally dependent on the County and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the County regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Component units may also include organizations that do not otherwise meet the criteria for inclusion if it is determined that their exclusion would be misleading. Darke County does not have any component units.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of separate agencies, 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 custodial funds within the County's financial statements:

- Darke County General Health District
- Darke County Soil Conservation District
- Darke County Park District
- Darke County Family and Children First Council

The County is associated with certain organizations which are defined as Shared Risk Pools and Jointly Governed Organizations. The organizations are discussed in Notes 15 and 16 to the basic financial statements. These organizations are:

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY** (continued)

Shared Risk Pools:

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

Jointly Governed Organizations:

Tri-County Board of Recovery and Mental Health Services (Tri-County Mental Health Board)  
West Central Ohio Network (West Con)

The County's management believes these financial statements present all activities for which the County is financially responsible.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund statements versus budgetary expenditures are due to encumbrances outstanding at the end of the year, and non-budgeted activity of some of the departments off-book cash accounts. Differences between receipts reported in the fund statements versus budgetary receipts are due to unrecorded cash at the beginning and end of the year and activity of West-Con on behalf of the Darke County Board of Developmental Disabilities (BODD). Perspective differences arise from the activity of some funds being included with the General Fund on the modified cash basis because those funds do not meet the requirements to be presented as a separate fund and from the activity of some funds being combined with the Auto License and Gas Tax Fund, the BODD fund and the Job and Family Services Fund because they are so closely tied to the activity of those funds. These funds are not presented on the budget basis because the budget basis only presents the legally adopted budget for the given fund.



Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Adjustments necessary to convert the changes in fund balance on a budgetary basis to the changes in fund balances on the modified cash basis for the General Fund, the Auto License and Gas Tax Fund, the BODD Fund, and the Job and Family Services Fund are as follows:

	Net Change in Fund Balance			
	General	Auto License and Gas Tax	BODD	Job and Family Services
Modified Cash Basis	\$1,350,456	\$566,292	\$1,155,518	\$288,221
Unrecorded Cash on Hand	(210,284)	2,037	(76,369)	(193,540)
Non-Budgeted Activity	43,932	0	(212,031)	0
Encumbrances	(165,594)	(16,327)	(74,823)	(17,975)
Difference in Perspective	87,670	(86,593)	(105,663)	25,661
Budget Basis	<u>\$1,106,180</u>	<u>\$465,409</u>	<u>\$686,632</u>	<u>\$102,367</u>

**A. Basis of Presentation - Fund Accounting**

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

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

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

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

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

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

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

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

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

*Fiduciary Funds:* Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are not available to support the County's own programs. The County has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's custodial funds account for amounts collected and distributed on behalf of another government or organization.

**B. Basis of Presentation**

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

*Government-wide Statement of Net Position and Statement of Activities:* These statements display information about the County as a whole, except for fiduciary funds. The statements report governmental activities separately from business-type activities.

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

*Fund Financial Statements:* During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Cash, Cash Equivalents and Investments**

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

The County values investments and cash equivalents at cost. During 2019, the County invested in non-negotiable certificates of deposit. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Following Ohio statutes, the Board of Commissioners has specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during 2019 totaled \$649,063 including \$467,336 assigned from other County funds.

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

**D. Inventory**

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

**E. Prepaid Items**

On the modified cash basis of accounting, payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as disbursements when made.

**F. Capital Assets**

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

**G. Interfund Receivables / Payables**

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**H. Compensated Absences**

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

**I. Long-term Obligations**

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

**J. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postemployment benefits.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

*Assigned* Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute.

*Unassigned* Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Net Position**

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for road, bridge, and ditch repair, operations of the Board of Developmental Disabilities, family and job assistance, real estate assessment, sheriff and emergency management operations, and court projects and operations.

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

**N. Internal Activity**

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**O. Budgetary Data**

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

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

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

**P. Operating Receipts and Disbursements**

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

**Q. Extraordinary Item**

Transactions or events that are both unusual in nature and infrequent in occurrence are reported as an extraordinary item. The County received significant insurance proceeds during 2019 for a barn fire that occurred in a previous year at the Darke County Fairgrounds, which the County provides insurance coverage for.

**NOTE 3 – COMPLIANCE**

Ohio Administrative Code, Section 117-2-03(B), requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the County prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, deferred inflows/outflows, net position / fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCES/NET POSITION**

For the year ended December 31, 2019, the County has implemented GASB Statement No. 84, “Fiduciary Activities” and GASB Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” GASB Statement No. 84 establishes criteria for identifying fiduciary activities and requires a statement of fiduciary net position and a statement of changes in fiduciary net position to be reported for all fiduciary activities. GASB Statement No. 88 improves the information that is disclosed in the notes to governmental financial statements related to debt, including direct borrowings and placements. As a result of implementing GASB Statement No. 84, fund balances of the General Fund, the Auto License and Gas Tax Fund, and the Other Governmental Funds, as well as net position of governmental activities was restated. The changes to fund balances/net position as of December 31, 2018 were as follows:

	<u>Previously Reported</u>	<u>Restatement</u>	<u>Restated Balance</u>
Fund Balances of Governmental Funds:			
General Fund	\$8,154,495	\$73,233	\$8,227,728
Auto License and Gas Tax Fund	5,186,668	79,150	5,265,818
Other Governmental Funds	9,387,046	29,377	9,416,423
Net position of governmental activities:	28,391,258	181,760	28,573,018

Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported with the new fiduciary fund classification of custodial funds while other funds have been reclassified to governmental funds. The new classification of custodial funds is reporting a beginning net position of \$1,765,959.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security 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 and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
  - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
  - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,



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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

12. Up to two percent of the County’s average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

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

At December 31, 2019, the County had \$1,774,886 in undeposited cash on hand with the Treasurer and in various departments.

***Deposits***

At December 31, 2019, the book balance of the County’s deposits was \$32,718,843 and the bank balance was \$35,263,387.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

	Primary Government	
	Cash and Cash Equivalents/Deposits	Investments
Cash and Investments per Financial Statements	\$34,387,980	\$1,089,425
Cash on Hand	(1,774,886)	0
Cash and Investments with Fiscal Agents	(7,999)	(975,677)
Non-Negotiable Certificates of Deposit	113,748	(113,748)
Cash and Investments per Note	\$32,718,843	\$0

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the County. Real property tax receipts received in calendar year 2019 represent collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after October 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2018. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar 2019 represent collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2018, were levied after April 1, 2018, and are collected in 2019 with real property taxes. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility real property is assessed at thirty-five percent of true value. Public utility property taxes are payable on the same dates as real property as described previously.

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

The full tax rate for all County operations for the year ended December 31, 2019, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2019 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Real Property	\$1,211,233,030	94.44
Public Utility Property	71,322,710	5.56
Total Assessed Value	\$1,282,555,740	100.00%

**NOTE 7- TAX ABATEMENTS OF OTHER GOVERNMENTS**

For the year ended December 31, 2019, County property tax revenues were reduced by \$675 under tax abatement agreements entered into by the Village of Union City, by \$2,209 under tax abatement agreements entered into by the Village of Arcanum, and by \$19,651 under tax abatement agreements entered into by the Village of Versailles.

**NOTE 8 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Ohio Department of Taxation then has five days in which to draw the warrant payable to the County. Sales and use tax receipts in 2019 amounted to \$9,088,330 in the General Fund.

Darke County, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 9 – INTERFUND BALANCES AND TRANSFERS**

***Interfund Balances***

Interfund balances at December 31, 2019, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Major Fund:		
General Fund	\$423,421	\$0
Other Governmental Funds:		
FAA Grant Funds	0	361,445
Emergency Performance Grant Funds	0	61,976
Total Other Governmental Funds	<u>0</u>	<u>423,421</u>
Total Governmental Funds	<u>\$423,421</u>	<u>\$423,421</u>

Interfund balances at December 31, 2019, consisted of \$423,421 advanced to other governmental funds to provide working capital until grant money was received. The interfund receivables/payables are expected to be repaid within one year.

***Transfers***

Transfers in and out during the year ended December 31, 2019, were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$266	\$1,750,306
Auto License and Gas Tax Fund	0	878,187
BODD Fund	0	75,000
Job and Family Services Fund	91,356	0
Other Governmental Funds	3,162,942	551,071
Total Governmental Funds	<u>\$3,254,564</u>	<u>\$3,254,564</u>

Transfers are used to move receipts 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, grant match requirements, or debt services; and to return money to the fund from which it was originally provided once a project is complete. All transfers made in 2019 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

During 2019, BODD Fund transfers out were used to provide resources to the BODD Capital Improvement Fund (Other Governmental Funds). For Auto License and Gas Tax Fund and Other Governmental Funds, transfers out were used to provide the County's required local share of resources for grants and other related programs throughout 2019. General Fund transfers in were a result of excess resources in the 2018 Community Corrections Grant Fund and were transferred to close-out the remaining balance.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability***

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability represent the County’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County’s obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the County does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Darke County, Ohio  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**Funding Policy -**

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Law Enforcement
<b>2019 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee *	10.0 %	***
 <b>2019 Actual Contribution Rates</b>		
Employer:		
Pension ****	14.0 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

\*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was \$2,134,285 for year 2019.

***Net Pension Liability***

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the County's proportionate share:

	<u>Traditional Plan</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.11106100%
Prior Measurement Date	0.11317800%
Change in Proportionate Share	-0.00211700%
Proportionate Share of the:	
Net Pension Liability	\$30,417,387

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent (traditional)
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018 then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age

Darke County, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year was then established as 2015 for males and 2010 for females. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality tables for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year was then established as 2015 for males and 2010 for females. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality tables for males and females, adjusted for mortality improvement back to the observation base year of 2006, and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018 OPERS managed investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return, net of investments expense, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>



Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
<b>County's proportionate share of the net pension liability</b>			
OPERS Traditional Plan	\$44,935,281	\$30,417,387	\$18,352,830

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

***Net OPEB Liability***

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework. See Note 10 for a description of the net OPEB liability.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Darke County, Ohio  
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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The OPERS Board did not allocate any of the employer contribution to health care for the Traditional Plan and the Combined Plan during calendar year 2019. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was \$0 for 2019.

***Net OPEB Liability***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

Darke County, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.108164%
Prior Measurement Date	0.110090%
Change in Proportionate Share	-0.0019260%
Proportionate Share of the Net OPEB Liability	\$14,102,422

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

Darke County, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
County's proportionate share of the net OPEB liability	\$18,041,755	\$14,102,422	\$10,968,911

***Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$13,555,112	\$14,102,422	\$14,731,937

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 12 – OTHER EMPLOYEE BENEFITS**

**Deferred Compensation Plans**

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

**Compensated Absences**

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

**NOTE 13 – LONG-TERM DEBT**

***Governmental Activities***

Details of the changes in the governmental activities long-term debt for the year ended December 31, 2019 are indicated below:

	Balance at 12/31/18	Increases	Decreases	Balance at 12/31/19	Due Within One Year
General Obligation Bonds Payable:					
2010 Various Purpose Bonds	\$2,045,000	\$0	\$115,000	\$1,930,000	\$115,000
2012 Various Purpose Improvement Bonds	2,295,000	0	220,000	2,075,000	225,000
2012 Various Purpose Bonds	440,000	0	45,000	395,000	50,000
Total General Obligation Bonds	<u>4,780,000</u>	<u>0</u>	<u>380,000</u>	<u>4,400,000</u>	<u>390,000</u>
Direct Borrowing Debt:					
2015 Sewer OWDA Loan	555,964	0	22,300	533,664	16,172
Total Long-Term Obligations	<u>\$5,335,964</u>	<u>\$0</u>	<u>\$402,300</u>	<u>\$4,933,664</u>	<u>\$406,172</u>

On November 9, 2010, the County issued \$2,810,000 in various purpose bonds for the purpose of building improvements. Of these bonds, \$995,000 are serial bonds with maturity dates of December 1, 2011 to December 1, 2020, and \$1,815,000 are term bonds maturing December 1, 2023, 2026, 2029, 2031, and 2038 at \$365,000, \$415,000, \$465,000, \$315,000, and \$255,000, respectively.

On January 10, 2012, the County issued \$3,580,000 various purpose improvement bonds for the purpose of advance refunding \$3,015,000 of the 2002 WAGC improvement bonds, and for building improvements. Of these bonds, \$3,500,000 are serial bonds with maturity dates of December 1, 2012 to December 1, 2027, and \$80,000 are term bonds maturing on December 1, 2031.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 13 – LONG-TERM DEBT** (continued)

The term bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date of redemption. On December 1, 2028, December 1, 2029, and December 1, 2030, the principal amount to be redeemed is \$20,000. The remaining principal amount of these term bonds, \$20,000, will be paid at stated maturity on December 1, 2031.

The proceeds from the refunding bonds were used to provide resources to purchase U.S. Government Securities and State and Local Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the general obligation bonds. As a result, the refunded bonds are considered to be defeased.

The reacquisition price was higher than the net carrying amount of the old debt by \$143,691. This advance refunding resulted in a reduction in total debt service payments of \$344,388 and resulted in an economic gain of \$249,330.

On January 10, 2012, the County issued \$740,000 in various purpose bonds for the acquisition of property and building improvements. Of this amount, \$210,000 in term bonds matured on December 1, 2016, \$235,000 will mature on December 1, 2021, and \$295,000 on December 1, 2026.

All of the County's principal and interest payments were made from the bond retirement fund (non-major governmental fund) in the year ended December 31, 2019.

**Direct Borrowing Loan:**

In October 2015, the County signed a loan agreement with the Ohio Water Development Authority (OWDA) for a \$646,865 loan for the purpose of eliminating the existing waste water treatment plants at the County Jail and County Home and pumping the waste to the City of Greenville for treatment. The loan is a zero percent interest, twenty-year loan that reaches final maturity on July 1, 2036.

According to the terms of the OWDA loan, a failure of the County to make any required repayment or failure of the County to perform any other obligation or provision of the agreement that continues for more than thirty days past written receipt of written notice by the OWDA constitutes a default on the loan. In the event of a default, the OWDA may terminate, suspend, or require immediate repayment of financial assistance. In addition, the State may (1) declare the full amount of the unpaid principal to be immediately due and payable, and/or (2) require the borrower to effect the subordination of the payment of any fines or penalties imposed for the violation of any federal, state, or local violation of any environmental law or regulation to the payment of the principal and interest outstanding.

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, 2019, are an overall debt margin of \$26,177,954 and an unvoted debt margin of \$8,439,617.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 13 – LONG-TERM DEBT** (continued)

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

Year	Governmental Activities					
	2010 Various Purpose General Obligation Bonds		2012 Various Purpose General Obligation Improvement Bonds		2012 Various Purpose General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$115,000	\$85,232	\$225,000	\$57,188	\$50,000	\$19,088
2021	120,000	81,782	235,000	52,408	50,000	17,288
2022	120,000	75,782	235,000	47,002	55,000	15,488
2023	125,000	69,782	250,000	41,422	55,000	12,600
2024	130,000	63,532	255,000	34,672	55,000	9,712
2025-2029	750,000	233,760	835,000	65,060	130,000	10,237
2030-2034	505,000	67,890	40,000	2,400	0	0
2035-2038	65,000	7,757	0	0	0	0
Totals	\$1,930,000	\$685,517	\$2,075,000	\$300,152	\$395,000	\$84,413

Direct Borrowing OWDA Loan:

Year	2015 County Home and Jail Sewer System OWDA loan	
	Principal	Interest
2020	\$16,172	\$0
2021	32,344	0
2022	32,344	0
2023	32,344	0
2024	32,344	0
2025-2029	161,720	0
2030-2034	161,720	0
2035-2037	64,676	0
Totals	\$533,664	\$0

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Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 14 – FUND BALANCE**

Fund balance of the governmental funds is classified as restricted, committed, assigned, and/or unassigned based on the constraints imposed on the use of the resources.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at December 31, 2019 were as follows:

Fund Balance	General	Auto License and Gas Tax	BODD
<b>Restricted for:</b>			
Roads and Bridges		\$5,832,110	
Ditch Maintenance and Construction			
Job and Family Services			
Developmental Disabilities			\$6,579,168
Delinquent Real Estate Collection			
Real Estate Assessment			
Children’s Services			
Child Support			
Court Operations			
Felony Delinquent Care and Custody			
Court Special Projects			
Sheriff			
EMA Operations			
Dog and Kennel			
Federal Aviation Administration Grants			
Election Security Grant			
TB Control			
Community Development			
Debt Service			
<b>Total Restricted</b>	<u>0</u>	<u>5,832,110</u>	<u>6,579,168</u>
<b>Committed to:</b>			
Juvenile Center Operations			
Economic Development			
Government Complex Maintenance			
<b>Total Committed</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Assigned for:</b>			
Unpaid Obligations	165,894		
Subsequent Year Appropriations	7,403,413		
Capital Improvements			
BODD Capital Improvements			
<b>Total Assigned</b>	<u>7,569,307</u>	<u>0</u>	<u>0</u>
<b>Unassigned</b>	<u>2,008,877</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balance</b>	<u>\$9,578,184</u>	<u>\$5,832,110</u>	<u>\$6,579,168</u>

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 14 – FUND BALANCE** (continued)

Fund Balance	Job and Family Services	Other Governmental Funds	Total
<b>Restricted for:</b>			
Roads and Bridges		\$330,894	\$6,163,004
Ditch Maintenance and Construction		623,069	623,069
Job and Family Services	\$527,620		527,620
Developmental Disabilities			6,579,168
Delinquent Real Estate Collection		202,168	202,168
Real Estate Assessment		2,182,765	2,182,765
Children’s Services		334,170	334,170
Child Support		163,698	163,698
Court Operations		872,935	872,935
Felony Delinquent Care and Custody		163,237	163,237
Court Special Projects		1,608,471	1,608,471
Sheriff		608,089	608,089
EMA Operations		64,287	64,287
Dog and Kennel		214,438	214,438
Federal Aviation Administration Grants		59,328	59,328
Election Security Grant		50,271	50,271
TB Control		4,795	4,795
Community Development		350,893	350,893
Debt Service		14,061	14,061
<b>Total Restricted</b>	<u>527,620</u>	<u>7,847,569</u>	<u>20,786,467</u>
<b>Committed to:</b>			
Juvenile Center Operations		237,209	237,209
<b>Total Committed</b>	<u>0</u>	<u>237,209</u>	<u>237,209</u>
<b>Assigned for:</b>			
Unpaid Obligations			165,894
Subsequent Year Appropriations			7,403,413
Economic Development		637,490	637,490
Government Complex Maintenance		655,097	655,097
Capital Improvements		586,535	586,535
BODD Capital Improvements		137,203	137,203
<b>Total Assigned</b>	<u>0</u>	<u>2,016,325</u>	<u>9,585,632</u>
<b>Unassigned</b>	<u>0</u>	<u>0</u>	<u>2,008,877</u>
<b>Total Fund Balance</b>	<u>\$527,620</u>	<u>\$10,101,103</u>	<u>\$32,618,185</u>

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 15 - RISK MANAGEMENT**

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

**Shared Risk Pools**

**A. County Risk Sharing Authority, Incorporated**

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

Coverages provided by CORSA are as follows:

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

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

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 2019, the County contributed \$177,578. Complete financial statements can be obtained from the County Risk Sharing Authority, Inc. at 209 E. State Street, Columbus, Ohio 43215.

There has been no reduction in coverage from the prior year and settled claims have not exceeded this coverage in any of the past three years.

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

For 2019, the County participated in the County Commissioners' Association of Ohio Workers' Compensation Group Rating Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance purchasing pool. The intent of the CCAOSC is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

**NOTE 15 - RISK MANAGEMENT** (continued)

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

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

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri County Board of Recovery and Mental Health Services**

The Tri County Board of Recovery and Mental Health Services (Tri County Mental Health Board) is a jointly governed organization among Shelby, Miami and Darke counties. The Tri County Mental Health Board provides leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services. The ability to influence operations depends on the County's representation on the Board. The Board of Trustees consists of eighteen members: four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of Shelby, Miami and Darke counties in the same proportion as the County's population bears to the total population of the three counties combined. During 2019, the County contributed \$611,916 by voted tax levy for the operations of the organization.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

**B. West Central Ohio Network**

The West Central Ohio Network (WestCon) is a jointly governed organization among Darke, Miami, Auglaize, Mercer, Logan, Shelby, Preble, Hardin, Union, Champaign, Sandusky, and Wyandot counties. WestCon was created to serve as an administrator and fiscal agent of Supported Living funds for the Boards of Developmental Disabilities (DODD Boards) of each of the participating counties. The degree of control exercised by any participating government is limited to its representation on the Board of Directors (the Board) of West Con. The Board consists of one delegate, who is the Superintendent, from each of the participating DODD Boards. Payments to WestCon are limited to the supported living funds of each participating county. During 2019, the County contributed \$885,000 to WestCon. Financial information can be obtained from Lynn Wolters, Executive Director, 1200 Childrens Home Road, Sidney, Ohio 45365.

**NOTE 17 – CONTINGENCIES**

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

In the opinion of the County Prosecutor, any potential liability related to claims or lawsuits would not have a material effect on the County's financial condition.

**NOTE 18 - SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The investments of the pension and other employee benefit plan in which the County participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**DARKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through Ohio Department of Job and Family Services</b>			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5729/G-2021-11-5916	184,654
Total U.S. Department of Agriculture			<b>184,654</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed Through Ohio Development Services Agency</b>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-D-18-1AR-1 B-E-18-1AR-1 B-F-18-1AR-1	72,306 147,568 98,279
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			318,153
Total U.S. Department of Housing and Urban Development			<b>318,153</b>
<b>U.S. DEPARTMENT OF LABOR</b>			
<b>Passed Through Ohio Department of Job and Family Services (Passed Through Area 7 Workforce Development Board)</b>			
Employment Service Cluster			
Employment Service/Wagner Peyser Funded Activities	17.207	2018-7319-1/2019-7319-1	1,771
WIOA Cluster			
WIOA Adult Program	17.258	2018-7319-1/2019-7319-1	60,723
WIOA Youth Activities	17.259	2018-7319-1/2019-7319-1	66,322
WIOA Dislocated Worker Formula Grants	17.278	2018-7319-1/2019-7319-1	27,919
Total WIOA Cluster			154,964
Trade Adjustment Assistance	17.245	2018-7319-1/2019-7319-1	280
Total U.S. Department of Labor			<b>157,015</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Direct</b>			
Airport Improvement Program	20.106		235,611
<b>Passed Through Ohio Department of Transportation</b>			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PID 108474 PID 109143	25,272 21,000
Total Highway Planning and Construction Cluster			46,272
<b>Passed Through Ohio Department of Public Safety</b>			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	HM-HMP-0531-16-01-00	6,800
Total U.S. Department of Transportation			<b>288,683</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Passed Through Ohio Department of Developmental Disabilities</b>			
Special Education - Grants for Infants and Families	84.181	H181A170024 H181A180024	53,065 22,378
Total Special Education - Grants for Infants & Families			75,443
Total U.S. Department of Education			<b>75,443</b>

**DARKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Passed Through Ohio Department of Job and Family Services</b>			
Promoting Safe and Stable Families	93.556	G-1819-11-5729/G-2021-11-5916	35,487
TANF Cluster			
Temporary Assistance for Needy Families	93.558	G-1819-11-5729/G-2021-11-5916	1,233,629
Child Support Enforcement	93.563	G-1819-11-5729/G-2021-11-5916	446,367
CCDF Cluster			
Child Care and Development Block Grant	93.575	G-1819-11-5729/G-2021-11-5916	45,719
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5729/G-2021-11-5916	23,511
Foster Care Title IV-E	93.658	G-1819-11-5729/G-2021-11-5916	553,946
Adoption Assistance	93.659	G-1819-11-5729/G-2021-11-5916	145,850
Social Services Block Grant	93.667	G-1819-11-5729/G-2021-11-5916	293,381
<b>Passed Through Ohio Department of Developmental Disabilities</b>			
Social Services Block Grant	93.667	1901OHSOSR	28,255
Total Social Services Block Grant			<u>321,636</u>
<b>Passed Through Ohio Department of Job and Family Services</b>			
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1819-11-5729/G-2021-11-5916	10,066
Children's Health Insurance Program	93.767	G-1819-11-5729/G-2021-11-5916	13,270
Medicaid Cluster			
Medical Assistance Program	93.778	G-1819-11-5729/G-2021-11-5916	720,378
<b>Passed Through Ohio Department of Developmental Disabilities</b>			
Medical Assistance Program	93.778	1905OH5ADM	86,254
		2005OH5ADM	81,089
			<u>167,343</u>
Total Medicaid Cluster			<u>887,721</u>
Total U.S. Department of Health and Human Services			<u><b>3,717,202</b></u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Passed Through Ohio Department of Public Safety</b>			
Emergency Management Performance Grants	97.042	EMC-2018-EP-00008-S01	10,131
		EMC-2019-EP-00005	40,073
Total Emergency Management Performance Grants			<u>50,204</u>
Pre-Disaster Mitigation	97.047	EMC-2017-PC-0001	5,775
Total U.S. Department of Homeland Security			<u><b>55,979</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$4,797,129</b></u>

*The accompanying notes are an integral part of this schedule.*



**DARKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Darke County (the County) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) WITH REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's local program income account as of December 31, 2019 is \$336,132.

**NOTE E – HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) WITH REVOLVING LOAN CASH BALANCE**

The current cash balance on the County's local program income account as of December 31, 2019 is \$11,292.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE G – MEDICAL ASSISTANCE PROGRAM COST REPORT SETTLEMENT**

During the calendar year, the County Board of Developmental Disabilities received notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medical Assistance Program (CFDA #93.778) for the 2015 and 2016 Cost Report Settlements in the amount of \$1,044 and \$512, respectively. The Cost Report Settlement liability was for settlement of the difference between the statewide payment rate and the rate calculated based on actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

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

Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Darke County (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 22, 2020, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted that the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the County.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

***County's Response to Finding***

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 22, 2020

# OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza  
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Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

To the Board of County Commissioners:

### ***Report on Compliance for each Major Federal Program***

We have audited Darke County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Darke County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

### ***Management's Responsibility***

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on each Major Federal Program***

In our opinion, Darke County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2019.

***Report on Internal Control Over Compliance***

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 22, 2020

**DARKE COUNTY**  
**SCHEDULE OF FINDINGS**  
**2 CFR § 200.515**  
**DECEMBER 31, 2019**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	TANF Cluster Child Support Enforcement – CFDA #93.563 Social Services Block Grant – CFDA #93.667
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

**FINDING NUMBER 2019-001**

**Noncompliance**

**Ohio Rev. Code § 117.38(A)** provides that each public office “shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.”

**FINDING NUMBER 2019-001  
(Continued)**

**Ohio Admin. Code § 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:** Darke County does not have a plan to file GAAP due to the cost involved and extra staff needed to complete. Darke County will continue to file the modified cash basis financial reports.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None





**Carol Ginn**

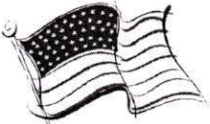
**Darke County Auditor**

Courthouse 1<sup>st</sup> Floor  
504 South Broadway, Suite #13  
Greenville, Ohio 45331-1984  
Phone: (937) 547-7310  
Fax: (937) 547-2500

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance – Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – The County prepared its financial statements in accordance with the modified cash accounting basis rather than GAAP basis.	Not Corrected	Repeated as finding 2019-001. Darke County does not have a plan to file GAAP due to the cost involved and extra staff needed to complete. Darke County will continue to file the modified cash basis financial reports.
2018-002	Significant Deficiency and Noncompliance - 45 CFR Section 95.507(a)(2) – In testing RMS hits for the Social Services Random Moment Sample (SSRMS) system test, the Coordinator did not accept the observation moment response within 48 hours for one out of twenty-five instances.	Corrected	

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***Carol Ginn***  
***Darke County Auditor***

Courthouse 1<sup>st</sup> Floor  
504 South Broadway, Suite #13  
Greenville, Ohio 45331-1984  
Phone: (937) 547-7310  
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**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**DECEMBER 31, 2019**

<b>Finding Number:</b>	2019-001
<b>Planned Corrective Action:</b>	Darke County does not have a plan to file GAAP due to the cost involved and the extra staff needed to complete. Darke County will continue to file the modified cash basis financial reports.
<b>Anticipated Completion Date:</b>	N/A
<b>Responsible Contact Person:</b>	Carol Ginn

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# OHIO AUDITOR OF STATE KEITH FABER



**DARKE COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/12/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)