



OHIO AUDITOR OF STATE
KEITH FABER



**DARKE COUNTY
DECEMBER 31, 2020**

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**DARKE COUNTY
DECEMBER 31, 2020**

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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, 2020, 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, as of December 31, 2020, and the respective changes in modified cash financial position and where applicable cash flows and the respective budgetary comparisons 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 19 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 September 13, 2021, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 13, 2021

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Darke County, Ohio
Statement of Net Position - Modified Cash Basis
December 31, 2020

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$36,350,622 | \$746,510 | \$37,097,132 |
| Cash and Cash Equivalents in Segregated Accounts | 229,912 | 0 | 229,912 |
| Cash and Cash Equivalents with Fiscal Agent | 415 | 0 | 415 |
| Investments in Segregated Accounts | 10,000 | 0 | 10,000 |
| Investments with Fiscal Agent | 1,385,911 | 0 | 1,385,911 |
| <i>Total Assets</i> | <u>\$37,976,860</u> | <u>\$746,510</u> | <u>\$38,723,370</u> |
| Net Position | | | |
| Restricted for: | | | |
| Capital Outlay | \$37,872 | \$0 | \$37,872 |
| Other Purposes | 22,169,996 | 0 | 22,169,996 |
| Unrestricted | 15,768,992 | 746,510 | 16,515,502 |
| <i>Total Net Position</i> | <u>\$37,976,860</u> | <u>\$746,510</u> | <u>\$38,723,370</u> |

See accompanying notes to the basic financial statements

Darke County, Ohio
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

| | Disbursements | Program Receipts | | |
|---------------------------------------|---------------------|----------------------|--|----------------------------------|
| | | Charges for Services | Operating Grants, Contributions and Interest | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government: | | | | |
| Legislative and Executive | \$7,361,807 | \$3,404,878 | \$225,377 | \$248,302 |
| Judicial | 4,337,818 | 1,152,652 | 943,479 | 0 |
| Public Safety | 6,826,227 | 422,526 | 2,850,972 | 0 |
| Public Works | 8,190,198 | 651,746 | 7,448,193 | 0 |
| Health | 617,039 | 268,646 | 7,789 | 0 |
| Human Services | 12,009,837 | 1,684,388 | 6,892,082 | 89,948 |
| Economic Development | 1,511,458 | 636,996 | 1,238,207 | 0 |
| Intergovernmental | 231,194 | 40 | 0 | 0 |
| Capital Outlay | 916,346 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 422,343 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 161,508 | 0 | 0 | 0 |
| <i>Total Governmental Activities</i> | <u>42,585,775</u> | <u>8,221,872</u> | <u>19,606,099</u> | <u>338,250</u> |
| Business-type activities: | | | | |
| Sewer | 283,738 | 340,232 | 0 | 0 |
| Solid Waste | 368,518 | 412,572 | 0 | 0 |
| <i>Total business-type activities</i> | <u>652,256</u> | <u>752,804</u> | <u>0</u> | <u>0</u> |
| <i>Total primary government</i> | <u>\$43,238,031</u> | <u>\$8,974,676</u> | <u>\$19,606,099</u> | <u>\$338,250</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

Change in Net Position

Net Position Beginning of Year

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 |
| (\$3,483,250) | \$0 | (\$3,483,250) |
| (2,241,687) | 0 | (2,241,687) |
| (3,552,729) | 0 | (3,552,729) |
| (90,259) | 0 | (90,259) |
| (340,604) | 0 | (340,604) |
| (3,343,419) | 0 | (3,343,419) |
| 363,745 | 0 | 363,745 |
| (231,154) | 0 | (231,154) |
| (916,346) | 0 | (916,346) |
| | 0 | |
| (422,343) | 0 | (422,343) |
| (161,508) | 0 | (161,508) |
| <u>(14,419,554)</u> | <u>0</u> | <u>(14,419,554)</u> |
| 0 | 56,494 | 56,494 |
| 0 | 44,054 | 44,054 |
| 0 | 100,548 | 100,548 |
| <u>(14,419,554)</u> | <u>100,548</u> | <u>(14,319,006)</u> |
| 3,471,070 | 0 | 3,471,070 |
| 2,794,333 | 0 | 2,794,333 |
| 9,769,331 | 0 | 9,769,331 |
| 507,850 | 0 | 507,850 |
| 1,783,442 | 0 | 1,783,442 |
| 592,360 | 0 | 592,360 |
| 859,843 | 14,630 | 874,473 |
| <u>19,778,229</u> | <u>14,630</u> | <u>19,792,859</u> |
| 5,358,675 | 115,178 | 5,473,853 |
| <u>32,618,185</u> | <u>631,332</u> | <u>33,249,517</u> |
| <u>\$37,976,860</u> | <u>\$746,510</u> | <u>\$38,723,370</u> |

Darke County, Ohio
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2020

| | General | Auto License and Gas Tax | BODD | Job and Family Services | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------------|--------------------|----------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$12,845,698 | \$6,204,900 | \$5,546,254 | \$603,920 | \$11,149,850 | \$36,350,622 |
| Cash and Cash Equivalents in Segregated Accounts | 182,138 | 0 | 0 | 0 | 47,774 | 229,912 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 0 | 415 | 0 | 0 | 415 |
| Investments in Segregated Accounts | 0 | 0 | 0 | 0 | 10,000 | 10,000 |
| Investments with Fiscal Agent | 0 | 0 | 1,385,911 | 0 | 0 | 1,385,911 |
| <i>Total Assets</i> | <u>\$13,027,836</u> | <u>\$6,204,900</u> | <u>\$6,932,580</u> | <u>\$603,920</u> | <u>\$11,207,624</u> | <u>\$37,976,860</u> |
| Fund Balances | | | | | | |
| Restricted | \$0 | \$6,204,900 | \$6,932,580 | \$603,920 | \$8,466,468 | \$22,207,868 |
| Assigned | 11,636,158 | 0 | 0 | 0 | 2,741,156 | 14,377,314 |
| Unassigned | 1,391,678 | 0 | 0 | 0 | 0 | 1,391,678 |
| <i>Total Fund Balances</i> | <u>\$13,027,836</u> | <u>\$6,204,900</u> | <u>\$6,932,580</u> | <u>\$603,920</u> | <u>\$11,207,624</u> | <u>\$37,976,860</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, 2020

| | General | Auto License and Gas Tax | BODD | Job and Family Services | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------------|--------------------|----------------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | |
| Property and Other Taxes | \$3,471,070 | \$507,850 | \$2,794,333 | \$0 | \$0 | \$6,773,253 |
| Permissive Sales Tax | 9,769,331 | 0 | 0 | 0 | 0 | 9,769,331 |
| Intergovernmental | 1,975,158 | 6,906,098 | 1,499,353 | 3,063,361 | 7,836,093 | 21,280,063 |
| Charges for Services | 2,111,143 | 109,527 | 0 | 1,298,674 | 2,692,891 | 6,212,235 |
| Licenses and Permits | 61,738 | 0 | 0 | 0 | 262,962 | 324,700 |
| Fines and Forfeitures | 273,380 | 0 | 0 | 0 | 142,402 | 415,782 |
| Special Assessments | 0 | 0 | 0 | 0 | 349,023 | 349,023 |
| Interest | 592,360 | 129,983 | 7,021 | 0 | 8,036 | 737,400 |
| Contributions and Donations | 6,372 | 0 | 1,295 | 0 | 4,201 | 11,868 |
| Other | 1,005,527 | 186,567 | 48,827 | 79,508 | 434,899 | 1,755,328 |
| <i>Total Receipts</i> | <u>19,266,079</u> | <u>7,840,025</u> | <u>4,350,829</u> | <u>4,441,543</u> | <u>11,730,507</u> | <u>47,628,983</u> |
| Disbursements | | | | | | |
| Current: | | | | | | |
| General Government: | | | | | | |
| Legislative and Executive | 5,513,646 | 0 | 0 | 0 | 1,848,161 | 7,361,807 |
| Judicial | 2,670,568 | 0 | 0 | 0 | 1,667,250 | 4,337,818 |
| Public Safety | 3,937,846 | 0 | 0 | 0 | 2,888,381 | 6,826,227 |
| Public Works | 34,246 | 7,773,831 | 0 | 0 | 382,121 | 8,190,198 |
| Health | 339,354 | 0 | 0 | 0 | 277,685 | 617,039 |
| Human Services | 518,556 | 0 | 3,811,468 | 4,440,085 | 3,239,728 | 12,009,837 |
| Economic Development | 0 | 0 | 0 | 0 | 1,511,458 | 1,511,458 |
| Intergovernmental | 231,194 | 0 | 0 | 0 | 0 | 231,194 |
| Capital Outlay | 0 | 0 | 0 | 0 | 916,346 | 916,346 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 422,343 | 422,343 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 161,508 | 161,508 |
| <i>Total Disbursements</i> | <u>13,245,410</u> | <u>7,773,831</u> | <u>3,811,468</u> | <u>4,440,085</u> | <u>13,314,981</u> | <u>42,585,775</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>6,020,669</u> | <u>66,194</u> | <u>539,361</u> | <u>1,458</u> | <u>(1,584,474)</u> | <u>5,043,208</u> |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds from Sale of Capital Assets | 2,936 | 306,596 | 51 | 0 | 5,885 | 315,468 |
| Advances - In | 901,513 | 0 | 0 | 0 | 1,200,415 | 2,101,928 |
| Advances - Out | (1,200,415) | 0 | 0 | 0 | (901,513) | (2,101,928) |
| Transfers - In | 0 | 0 | 0 | 74,842 | 2,937,717 | 3,012,559 |
| Transfers - Out | (2,275,051) | 0 | (186,000) | 0 | (551,508) | (3,012,559) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,571,017)</u> | <u>306,596</u> | <u>(185,949)</u> | <u>74,842</u> | <u>2,690,996</u> | <u>315,468</u> |
| <i>Net Change in Fund Balances</i> | <u>3,449,652</u> | <u>372,790</u> | <u>353,412</u> | <u>76,300</u> | <u>1,106,522</u> | <u>5,358,676</u> |
| <i>Fund Balances Beginning of Year</i> | <u>9,578,184</u> | <u>5,832,110</u> | <u>6,579,168</u> | <u>527,620</u> | <u>10,101,102</u> | <u>32,618,184</u> |
| <i>Fund Balances End of Year</i> | <u>\$13,027,836</u> | <u>\$6,204,900</u> | <u>\$6,932,580</u> | <u>\$603,920</u> | <u>\$11,207,624</u> | <u>\$37,976,860</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, 2020*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|--------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Taxes | \$3,389,256 | \$3,389,256 | \$3,471,070 | \$81,814 |
| Permissive Sales Tax | 8,470,000 | 8,470,000 | 9,769,331 | 1,299,331 |
| Intergovernmental | 1,911,319 | 1,922,345 | 1,975,158 | 52,813 |
| Charges for Services | 1,625,977 | 1,632,697 | 1,752,799 | 120,102 |
| Licenses and Permits | 146,900 | 146,900 | 61,738 | (85,162) |
| Fines and Forfeitures | 428,600 | 428,600 | 272,437 | (156,163) |
| Interest | 464,070 | 464,070 | 576,647 | 112,577 |
| Other | 188,484 | 467,744 | 1,192,849 | 725,105 |
| <i>Total Receipts</i> | 16,624,606 | 16,921,612 | 19,072,029 | 2,150,417 |
| Disbursements | | | | |
| Current: | | | | |
| General Government: | | | | |
| Legislative and Executive | 10,401,954 | 10,623,447 | 5,282,712 | 5,340,735 |
| Judicial | 2,855,065 | 2,881,213 | 2,674,923 | 206,290 |
| Public Safety | 7,153,752 | 7,175,360 | 3,906,822 | 3,268,538 |
| Public Works | 40,359 | 40,359 | 34,927 | 5,432 |
| Health | 330,101 | 355,758 | 346,364 | 9,394 |
| Human Services | 655,652 | 657,752 | 512,201 | 145,551 |
| Intergovernmental | 236,729 | 236,729 | 231,194 | 5,535 |
| <i>Total Disbursements</i> | 21,673,612 | 21,970,618 | 12,989,143 | 8,981,475 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (5,049,006) | (5,049,006) | 6,082,886 | 11,131,892 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sale of Capital Assets | 20,000 | 20,000 | 2,936 | (17,064) |
| Advances In | 688,571 | 688,571 | 901,513 | 212,942 |
| Advances Out | (1,773,152) | (1,308,152) | (1,200,415) | 107,737 |
| Transfers In | 476,618 | 476,618 | 476,618 | 0 |
| Transfers Out | (1,932,038) | (2,397,038) | (2,275,051) | 121,987 |
| <i>Total Other Financing Sources (Uses)</i> | (2,520,001) | (2,520,001) | (2,094,399) | 425,602 |
| <i>Net Change in Fund Balance</i> | (7,569,007) | (7,569,007) | 3,988,487 | 11,557,494 |
| <i>Fund Balance Beginning of Year</i> | 7,403,413 | 7,403,413 | 7,403,413 | 0 |
| Prior Year Encumbrances Appropriated | 165,594 | 165,594 | 165,594 | 0 |
| <i>Fund Balance End of Year</i> | \$0 | \$0 | \$11,557,494 | \$11,557,494 |

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, 2020*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Taxes | \$375,000 | \$375,000 | \$422,842 | \$47,842 |
| Intergovernmental | 6,400,000 | 6,400,000 | 6,116,365 | (\$283,635) |
| Charges for Services | 133,000 | 133,000 | 110,209 | (22,791) |
| Interest | 100,000 | 100,000 | 129,983 | 29,983 |
| Other | 60,000 | 60,000 | 186,567 | 126,567 |
| <i>Total Receipts</i> | 7,068,000 | 7,068,000 | 6,965,966 | (102,034) |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 9,838,998 | 9,838,996 | 7,752,465 | 2,086,531 |
| <i>Excess of Receipts Under Disbursements</i> | (2,770,998) | (2,770,996) | (786,499) | 1,984,497 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 332,000 | 332,000 | 306,596 | (25,404) |
| Transfers In | 0 | 0 | 1,305 | 1,305 |
| Transfers Out | (310,960) | (310,960) | (201,978) | 108,982 |
| Advances In | 51,595 | 51,595 | 51,597 | 2 |
| Advances Out | (51,595) | (51,597) | (51,597) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | 21,040 | 21,038 | 105,923 | 84,885 |
| <i>Net Change in Fund Balance</i> | (2,749,958) | (2,749,958) | (680,576) | 2,069,382 |
| <i>Fund Balance at Beginning of Year</i> | 5,646,784 | 5,646,784 | 5,646,784 | 0 |
| Prior Year Encumbrances Appropriated | 16,327 | 16,327 | 16,327 | 0 |
| <i>Fund Balance at End of Year</i> | \$2,913,153 | \$2,913,153 | \$4,982,535 | \$2,069,382 |

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, 2020*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Property and Other Taxes | \$2,780,460 | \$2,780,460 | \$2,794,333 | \$13,873 |
| Intergovernmental | 1,123,079 | 1,123,079 | 1,311,729 | 188,650 |
| Contributions and Donations | 100 | 100 | 295 | 195 |
| Other | 13,000 | 13,000 | 36,463 | 23,463 |
| <i>Total Receipts</i> | <u>3,916,639</u> | <u>3,916,639</u> | <u>4,142,820</u> | <u>226,181</u> |
| Disbursements | | | | |
| Current: | | | | |
| Human Services | 4,194,983 | 4,194,983 | 3,566,254 | 628,729 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(278,344)</u> | <u>(278,344)</u> | <u>576,566</u> | <u>854,910</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Capital Assets | 0 | 0 | 161 | 161 |
| Transfers - Out | (483,000) | (483,000) | (482,223) | 777 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(483,000)</u> | <u>(483,000)</u> | <u>(482,062)</u> | <u>938</u> |
| <i>Net Change in Fund Balance</i> | (761,344) | (761,344) | 94,504 | 855,848 |
| <i>Fund Balance at Beginning of Year</i> | 4,502,485 | 4,502,485 | 4,502,485 | 0 |
| Prior Year Encumbrances Appropriated | 74,823 | 74,823 | 74,823 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$3,815,964</u> | <u>\$3,815,964</u> | <u>\$4,671,812</u> | <u>\$855,848</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, 2020*

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$3,729,659 | \$3,796,024 | \$3,001,590 | (\$794,434) |
| Charges for Services | 926,950 | 926,950 | 1,298,674 | 371,724 |
| Other | 50,875 | 50,875 | 79,508 | 28,633 |
| <i>Total Receipts</i> | <u>4,707,484</u> | <u>4,773,849</u> | <u>4,379,772</u> | <u>(394,077)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Human Services | 5,095,941 | 5,162,306 | 4,174,379 | 987,927 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(388,457)</u> | <u>(388,457)</u> | <u>205,393</u> | <u>593,850</u> |
| Other Financing Sources: | | | | |
| Transfers - In | 74,842 | 74,842 | 74,842 | 0 |
| <i>Net Change in Fund Balance</i> | (313,615) | (313,615) | 280,235 | 593,850 |
| <i>Fund Balance at Beginning of Year</i> | 295,640 | 295,640 | 295,640 | 0 |
| Prior Year Encumbrances Appropriated | 17,975 | 17,975 | 17,975 | 0 |
| <i>Fund Balance at End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$593,850</u> | <u>\$593,850</u> |

See accompanying notes to the basic financial statements

Darke County, Ohio
Statement of Fund Net Position - Modified Cash Basis
Enterprise Funds
December 31, 2020

| | Enterprise Funds |
|--|---------------------|
| Current Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$746,510</u> |
| Net Position | |
| Unrestricted | <u>\$746,510</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, 2020

| | Total |
|---------------------------------------|-----------|
| Operating Receipts | |
| Charges for Services | \$752,804 |
| Other | 14,630 |
| <i>Total Operating Receipts</i> | 767,434 |
| Operating Disbursements | |
| Personal Services | 100,519 |
| Contractual Services | 310,009 |
| Materials and Supplies | 40,552 |
| Other | 164,163 |
| <i>Total Operating Disbursements</i> | 615,243 |
| <i>Operating Income</i> | 152,191 |
| Non-Operating Disbursements | |
| Capital Outlay | (37,013) |
| <i>Change in Net Position</i> | 115,178 |
| <i>Net Position Beginning of Year</i> | 631,332 |
| <i>Net Position End of Year</i> | \$746,510 |

See accompanying notes to the basic financial statements

Darke County, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2020

| | Enterprise |
|---|------------|
| Increase (Decrease) in Cash and Cash Equivalents: | |
| Cash Flows from Operating Activities | |
| Cash Received from Customers and Support | \$752,804 |
| Cash Received from Other Operating Receipts | 14,630 |
| Cash Payments for Employee Services and Benefits | (100,519) |
| Cash Payments to Suppliers | (350,561) |
| Cash Payments for Other Operating Disbursements | (164,163) |
| <i>Net Cash Provided by Operating Activities</i> | 152,191 |
| Cash Flows Capital and Related Financing Activities | |
| Acquisition of Capital Assets | (37,013) |
| <i>Net Cash Used Capital and Related Financing Activities</i> | (37,013) |
| <i>Net Increase in Cash and Cash Equivalents</i> | 115,178 |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 631,332 |
| <i>Cash and Cash Equivalents End of Year</i> | \$746,510 |

See accompanying notes to the basic financial statements

Darke County, Ohio
Statement of Fiduciary Net Position - Modified Cash Basis
Custodial Funds
December 31, 2020

Assets

| | |
|--|---------------------------|
| Equity in Pooled Cash and Cash Equivalents | \$1,567,116 |
| Cash and Cash Equivalents in Segregated Accounts | 292,659 |
| Investments in Segregated Accounts | <u>75,000</u> |
| <i>Total Assets</i> | <u><u>\$1,934,775</u></u> |

Net Position

| | |
|--|---------------------------|
| Restricted for Agencies of the County | \$1,101,896 |
| Restricted for Individuals, Organizations, and Other Governments | <u>832,879</u> |
| <i>Total Net Position</i> | <u><u>\$1,934,775</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
For the Year ended December 31, 2020

| | Custodial Funds |
|--|--------------------|
| Additions | |
| Property Tax Collections for Other Governments | \$43,417,332 |
| Intergovernmental | 6,581,973 |
| Auto Title Fee Collections | 9,423,705 |
| Amounts Received as Fiscal Agent | 4,355,516 |
| CARES Act Funds Received for Other Governments | 3,406,363 |
| Fines and Forfeitures for Other Governments | 1,164,423 |
| Licenses, Permits, and Fees for Other Governments | 283,290 |
| Sheriff Sale Collections for Other Governments | 465,912 |
| Amounts Collected for Others | 64,298 |
| <i>Total Additions</i> | 69,162,812 |
| Deductions | |
| Distributions of Property Taxes to Other Governments | 43,555,067 |
| Distributions of State Funds to Other Governments | 6,582,125 |
| Distributions to the State of Ohio | 9,579,064 |
| Distributions as Fiscal Agent | 4,168,483 |
| CARES Act Funds Distributed to Other Governments | 3,406,363 |
| Distribution of Fines and Forfeitures to Other Governments | 1,598,118 |
| Sheriff Sale Distributions to Other Governments | 499,568 |
| Other Distributions | 67,137 |
| <i>Total Deductions</i> | 69,455,925 |
| <i>Change in Net Position</i> | (293,113) |
| <i>Net Position Beginning of Year</i> | 2,227,888 |
| <i>Net Position End of Year</i> | \$1,934,775 |

See accompanying notes to the basic financial statements

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 ensure 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 and Water 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, 2020

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, 2020

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 for the year ended December 31, 2020, are as follows:

| | Net Change in Fund Balance | | | |
|---------------------------|----------------------------|-----------------------------|-----------------|-------------------------------|
| | General | Auto License and Gas Tax | BODD | Job and Family Services |
| Modified Cash Basis | \$3,449,652 | \$372,790 | \$353,412 | \$76,300 |
| Unrecorded Cash on Hand | 323,164 | 682 | 27,486 | 200,633 |
| Non-Budgeted Activity | 1,533 | 0 | (402,651) | 0 |
| Encumbrances | (78,362) | (969,040) | (45,945) | 0 |
| Difference in Perspective | 292,500 | (85,008) | 162,202 | 3,302 |
| Budget Basis | <u>\$3,988,487</u> | <u>(\$680,576)</u> | <u>\$94,504</u> | <u>\$280,235</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, 2020

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, 2020

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 2020, 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 2020 totaled \$592,360 including \$398,991 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, 2020, 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, 2020

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.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

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.

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

For the year ended December 31, 2020, the County has implemented GASB Statement No. 95, “Postponement of the Effective Dates of Some Authoritative Guidance.” GASB Statement No. 95 delays the effective dates of certain provisions in Statements and Implementation Guides that first became effective for periods beginning after June 15, 2018, and later, in order to provide temporary relief in light of the COVID-19 pandemic.

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;
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);

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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,
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, 2020, the County had \$2,364,068 in undeposited cash on hand with the Treasurer and in various departments.

Deposits

At December 31, 2020, the book balance of the County's deposits was \$36,907,751 and the bank balance was \$39,602,476.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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 | \$39,187,234 | \$1,470,911 |
| Cash on Hand | (2,364,068) | 0 |
| Cash and Investments with Fiscal Agents | (415) | (1,385,911) |
| Non-Negotiable Certificates of Deposit | 85,000 | (85,000) |
| Cash and Investments per Note | \$36,907,751 | \$0 |

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2020, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2020 property tax receipts were based are as follows:

| Category | Assessed Value | Percent |
|-------------------------|-----------------|---------|
| Real Property | \$1,224,826,230 | 94.25 |
| Public Utility Property | 74,750,130 | 5.75 |
| Total Assessed Value | \$1,299,576,360 | 100.00% |

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the County. The County Auditor periodically remits to the County its portion of the taxes collected.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 7– TAX ABATEMENTS OF OTHER GOVERNMENTS

For the year ended December 31, 2020, County property tax revenues were reduced by \$674 under tax abatement agreements entered into by the Village of Union City, by \$3,501 under tax abatement agreements entered into by the Village of Arcanum, and by \$19,601 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 2020 amounted to \$9,769,331 in the General Fund.

NOTE 9 – INTERFUND BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at December 31, 2020, consisted of the following individual fund receivables and payables:

| Fund | Receivable | Payable |
|-----------------------------------|------------|-----------|
| Major Fund: | | |
| General Fund | \$718,461 | \$0 |
| Other Governmental Funds: | | |
| CDBG and CHIP Grant Funds | 0 | 71,816 |
| FAA Grant Funds | 0 | 584,669 |
| Emergency Performance Grant Funds | 0 | 61,976 |
| Total Other Governmental Funds | 0 | 718,461 |
| Total Governmental Funds | \$718,461 | \$718,461 |

Interfund balances at December 31, 2020, consisted of \$718,461 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, 2020, were as follows:

| Fund | Transfer In | Transfer Out |
|-------------------------------|-------------|--------------|
| Governmental Funds: | | |
| General Fund | \$0 | \$2,275,051 |
| Auto License and Gas Tax Fund | 0 | 0 |
| BODD Fund | 0 | 186,000 |
| Job and Family Services Fund | 74,842 | 0 |
| Other Governmental Funds | 2,937,717 | 551,508 |
| Total Governmental Funds | \$3,012,559 | \$3,012,559 |

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 9 – INTERFUND BALANCES AND TRANSFERS (continued)

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 2020 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

For the BODD Fund, Transfers Out were used to provide resources to the BODD Capital Improvement Fund (Other Governmental Funds). For Other Governmental Funds, Transfers Out were used to move receipts collected for debt payment to the debt service fund.

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.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework.

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

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 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 Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

| Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013 | Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013 | Group C Members not in other Groups and members hired on or after January 7, 2013 |
|---|---|---|
| State and Local | State and Local | State and Local |
| Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit | Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit |
| Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 | Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 |
| Law Enforcement | Law Enforcement | Law Enforcement |
| Age and Service Requirements: Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit | Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit |
| Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 | Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 |

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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy -

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

| | State and Local | Law Enforcement |
|--|--------------------|--------------------|
| 2020 Statutory Maximum Contribution Rates | | |
| Employer | 14.0 % | 18.1 % |
| Employee * | 10.0 % | *** |
| 2020 Actual Contribution Rates | | |
| 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 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, 2020

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 \$2,216,010 for year 2020.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2019, 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 | 0.10687900% |
| Prior Measurement Date | 0.11106100% |
| Change in Proportionate Share | -0.00418200% |
| Proportionate Share of the: | |
| Net Pension Liability | \$21,124,634 |

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 was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

| | |
|--|---|
| 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: 1.4 percent, simple through 2020 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
For the Year Ended December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 percent simple to 1.4 percent simple through 2020 then 2.15 percent simple.

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.

During 2019 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 expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|------------------------|------------------------------|---|
| Fixed Income | 25.00 % | 1.83 % |
| Domestic Equities | 19.00 | 5.75 |
| Real Estate | 10.00 | 5.20 |
| Private Equity | 12.00 | 10.70 |
| International Equities | 21.00 | 7.66 |
| Other investments | 13.00 | 4.98 |
| Total | <u>100.00 %</u> | <u>5.61 %</u> |

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:

| | <u>1% Decrease (6.20%)</u> | <u>Discount Rate (7.20%)</u> | <u>1% Increase (8.20%)</u> |
|--|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability | | | |
| OPERS Traditional Plan | \$34,842,554 | \$21,124,634 | \$8,794,004 |

NOTE 11 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

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.

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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2020 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 2020.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 retirement system relative to the contributions of all participating entities. Following is information related to the proportionate share:

| | OPERS |
|--|--------------|
| Proportion of the Net OPEB Liability: | |
| Current Measurement Date | 0.104232% |
| Prior Measurement Date | 0.108164% |
| Change in Proportionate Share | -0.0039320% |
| Proportionate Share of the Net OPEB Liability | \$14,397,147 |

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, 2018, rolled forward to the measurement date of December 31, 2019. 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:

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

| | |
|--|---|
| 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 | 3.16 percent |
| Prior Measurement date | 3.96 percent |
| Investment Rate of Return | 6.00 percent |
| Municipal Bond Rate: | |
| Current measurement date | 2.75 percent |
| Prior Measurement date | 3.71 percent |
| Health Care Cost Trend Rate | |
| Current measurement date | 10.0 percent, initial 3.50 percent, ultimate in 2030 |
| Prior measurement date | 7.25 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.

During 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.7 percent for 2019.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

The allocation of investment assets within 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 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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|----------------------|---|
| Fixed Income | 36.00 % | 1.53 % |
| Domestic Equities | 21.00 | 5.75 |
| Real Estate Investment Trust | 6.00 | 5.69 |
| International Equities | 23.00 | 7.66 |
| Other investments | 14.00 | 4.90 |
| Total | 100.00 % | 4.55 % |

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 percent. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, 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 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

| | 1% Decrease (2.16%) | Current Discount Rate (3.16%) | 1% Increase (4.16%) |
|---|------------------------|-------------------------------------|------------------------|
| County's proportionate share of the net OPEB liability | \$18,834,722 | \$14,397,147 | \$10,839,086 |

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 2020 is 10.50 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 3.50 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 | \$13,972,300 | \$14,397,147 | \$14,816,579 |

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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. Both plans give their participants the option to contribute to a Roth 457 account, which allows loans to be placed against it.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 12 – OTHER EMPLOYEE BENEFITS (continued)

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, 2020 are indicated below:

| | Balance at 12/31/19 | Increases | Decreases | Balance at 12/31/20 | Due Within One Year |
|--|------------------------|------------|------------------|------------------------|------------------------|
| General Obligation Bonds Payable: | | | | | |
| 2010 Various Purpose Bonds | \$1,930,000 | \$0 | \$115,000 | \$1,815,000 | \$120,000 |
| 2012 Various Purpose Improvement Bonds | 2,075,000 | 0 | 225,000 | 1,850,000 | 235,000 |
| 2012 Various Purpose Bonds | 395,000 | 0 | 50,000 | 345,000 | 50,000 |
| Total General Obligation Bonds | <u>4,400,000</u> | <u>0</u> | <u>390,000</u> | <u>4,010,000</u> | <u>405,000</u> |
| Direct Borrowing Debt: | | | | | |
| 2015 Sewer OWDA Loan | 533,664 | 0 | 32,343 | 501,321 | 32,343 |
| Total Long-Term Obligations | <u>\$4,933,664</u> | <u>\$0</u> | <u>\$422,343</u> | <u>\$4,511,321</u> | <u>\$437,343</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 were 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.

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.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 13 – LONG-TERM DEBT (continued)

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, 2020.

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, 2020, are an overall debt margin of \$26,993,469 and an unvoted debt margin of \$8,999,824.

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 |
| 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 | 140,000 | 58,332 | 255,000 | 27,658 | 65,000 | 6,825 |
| 2026-2030 | 775,000 | 203,660 | 600,000 | 39,002 | 65,000 | 3,412 |
| 2031-2035 | 355,000 | 42,562 | 20,000 | 800 | 0 | 0 |
| 2036-2038 | 50,000 | 4,751 | 0 | 0 | 0 | 0 |
| Totals | \$1,815,000 | \$600,183 | \$1,850,000 | \$242,964 | \$345,000 | \$65,325 |

Direct Borrowing OWDA Loan:

| Year | 2015 County Home and Jail Sewer System OWDA loan | |
|-----------|---|----------|
| | Principal | Interest |
| 2021 | \$32,343 | \$0 |
| 2022 | 32,344 | 0 |
| 2023 | 32,344 | 0 |
| 2024 | 32,344 | 0 |
| 2025 | 32,344 | 0 |
| 2026-2030 | 161,720 | 0 |
| 2031-2035 | 161,721 | 0 |
| 2036-2037 | 16,161 | 0 |
| Totals | \$501,321 | \$0 |

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Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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, 2020 were as follows:

| Fund Balance | General | Auto License and Gas Tax | BODD |
|--|---------------------|-----------------------------|--------------------|
| Restricted for: | | | |
| Roads and Bridges | | \$6,204,900 | |
| Ditch Maintenance and Construction | | | |
| Job and Family Services | | | |
| Developmental Disabilities | | | \$6,932,580 |
| 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 | | | |
| Total Restricted | <u>0</u> | <u>6,204,900</u> | <u>6,932,580</u> |
| Assigned for: | | | |
| Unpaid Obligations | 78,662 | | |
| Subsequent Year Appropriations | 11,557,496 | | |
| Juvenile Center Operations | | | |
| Economic Development | | | |
| Government Complex Maintenance | | | |
| Capital Improvements | | | |
| BODD Capital Improvements | | | |
| Total Assigned | <u>11,636,158</u> | <u>0</u> | <u>0</u> |
| Unassigned | <u>1,391,678</u> | <u>0</u> | <u>0</u> |
| Total Fund Balance | <u>\$13,027,836</u> | <u>\$6,204,900</u> | <u>\$6,932,580</u> |

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 14 – FUND BALANCE (continued)

| Fund Balance | Job and Family Services | Other Governmental Funds | Total |
|--|----------------------------|--------------------------------|---------------------|
| Restricted for: | | | |
| Roads and Bridges | | \$316,649 | \$6,521,549 |
| Ditch Maintenance and Construction | | 729,470 | 729,470 |
| Job and Family Services | \$603,920 | | 603,920 |
| Developmental Disabilities | | | 6,932,580 |
| Delinquent Real Estate Collection | | 211,758 | 211,758 |
| Real Estate Assessment | | 2,324,722 | 2,324,722 |
| Children’s Services | | 668,632 | 668,632 |
| Child Support | | 197,229 | 197,229 |
| Court Operations | | 951,265 | 951,265 |
| Felony Delinquent Care and Custody | | 229,102 | 229,102 |
| Court Special Projects | | 1,558,945 | 1,558,945 |
| Sheriff | | 617,410 | 617,410 |
| EMA Operations | | 65,266 | 65,266 |
| Dog and Kennel | | 211,123 | 211,123 |
| Federal Aviation Administration Grants | | 1,672 | 1,672 |
| Election Security Grant | | 50,897 | 50,897 |
| TB Control | | 4,796 | 4,796 |
| Community Development | | 327,532 | 327,532 |
| Total Restricted | <u>603,920</u> | <u>8,466,468</u> | <u>22,207,868</u> |
| Assigned for: | | | |
| Unpaid Obligations | | | 78,662 |
| Subsequent Year Appropriations | | | 11,557,496 |
| Juvenile Center Operations | | 191,076 | 191,076 |
| Economic Development | | 742,053 | 742,053 |
| Government Complex Maintenance | | 748,066 | 748,066 |
| Capital Improvements | | 806,654 | 806,654 |
| BODD Capital Improvements | | 253,307 | 253,307 |
| Total Assigned | <u>0</u> | <u>2,741,156</u> | <u>14,377,314</u> |
| Unassigned | <u>0</u> | <u>0</u> | <u>1,391,678</u> |
| Total Fund Balance | <u>\$603,920</u> | <u>\$11,207,624</u> | <u>\$37,976,860</u> |

Darke County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 |
| Bond Excess | 250,000 |
| 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 2020, the County contributed \$183,864. 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 2020, 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 2020, the County contributed \$598,015 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, 2020

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 2020, the County contributed \$940,000 to WestCon. Financial information can be obtained from Lynn Wolters, Executive Director, 1200 Childrens Home Road, Sidney, Ohio 45365.

NOTE 17- SIGNIFICANT CONTRACTUAL COMMITMENTS

As of December 31, 2020, the County had significant contractual purchase commitments as follows:

| <u>Vendor</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Amount Expended</u> | <u>Balance At 12/31/20</u> |
|--------------------------------|---------------------------------------|----------------------------|----------------------------|------------------------------------|
| Pictometry International Group | Real Estate Assessment Aerial Imagery | \$353,610 | \$0 | \$353,610 |
| Brumbaugh Construction | Highway Department Facility | 963,884 | 0 | 963,884 |
| Motorola Solutions, Inc. | Sheriff Department Radios | 130,838 | 0 | 130,838 |

NOTE 18 – 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 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 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 County’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

DARKE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | (1) Total Federal Expenditures |
|---|------------------------------------|--|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Job and Family Services</i> | | | |
| SNAP Cluster | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | G-2021-11-5916 | \$197,409 |
| Total SNAP Cluster | | | <u>197,409</u> |
| Total U.S. Department of Agriculture | | | <u>197,409</u> |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| <i>Passed Through Ohio Department of Development</i> | | | |
| 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 B-C-19-1AR-1 B-X-19-1AR-1 | 177,694 1,132 561,462 109,776 5,937 |
| Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii | | | <u>856,001</u> |
| Home Investment Partnerships Program | 14.239 | B-C-19-1AR-2 | 136,936 |
| Total U.S. Department of Housing and Urban Development | | | <u>992,937</u> |
| U.S. DEPARTMENT OF LABOR | | | |
| <i>Passed Through Ohio Department of Job and Family Services: Area 7 Workforce Investment Board</i> | | | |
| Employment Service Cluster | | | |
| Employment Service/Wagner Peyser Funded Activities | 17.207 | G-2021-11-5916 | 1,429 |
| Total Employment Service Cluster | | | <u>1,429</u> |
| WIOA Cluster | | | |
| WIOA Adult Program | 17.258 | G-2021-11-5916 | 64,559 |
| WIOA Youth Activities | 17.259 | G-2021-11-5916 | 53,011 |
| WIOA Dislocated Worker Formula Grants | 17.278 | G-2021-11-5916 | 30,928 |
| Total WIOA Cluster | | | <u>148,498</u> |
| Trade Adjustment Assistance | 17.245 | G-2021-11-5916 | 259 |
| WIOA National Dislocated Worker Grants | 17.277 | G-2021-11-5916 | 5,627 |
| Total U.S. Department of Labor | | | <u>155,813</u> |
| U.S. DEPARTMENT OF TRANSPORTATION | | | |
| <i>Direct Program</i> | | | |
| Airport Improvement Program | 20.106 | | 399,956 |
| COVID-19 Airport Improvement Program | | | 30,000 |
| Total Airport Improvement Program | | | <u>429,956</u> |
| <i>Passed Through Ohio Department of Transportation</i> | | | |
| Highway Planning and Construction Cluster | | | |
| Highway Planning and Construction | 20.205 | PID 111034 PID 111058 PID 104775 | 43,840 7,755 738,138 |
| Total Highway Planning and Construction Cluster | | | <u>789,733</u> |
| Total U.S. Department of Transportation | | | <u>1,219,689</u> |
| U.S. DEPARTMENT OF THE TREASURY | | | |
| <i>Passed Through Ohio Office of Budget and Management</i> | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | HB481-CRF-Local | 2,998,813 |
| <i>Passed Through Ohio Supreme Court</i> | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 20-RTG-0100 | 26,840 |
| Total Coronavirus Relief Fund | | | <u>3,025,653</u> |
| Total U.S. Department of the Treasury | | | <u>3,025,653</u> |

DARKE COUNTY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Federal CFDA Number | Pass Through Entity Identifying Number | (1) Total Federal Expenditures |
|--|------------------------------------|---|---|
| U.S. DEPARTMENT OF EDUCATION | | | |
| Passed Through Ohio Department of Developmental Disabilities | | | |
| Special Education - Grants for Infants and Families | 84.181 | H181A190024 | 36,285 |
| | | H181A180024 | <u>27,723</u> |
| Total Special Education - Grants for Infants & Families | | | <u>64,008</u> |
| Total U.S. Department of Education | | | <u>64,008</u> |
| U.S ELECTION ASSISTANCE COMMISSION | | | |
| Passed Through Ohio Secretary of State | | | |
| HAVA Election Security Grants | 90.404 | N/A | 58,811 |
| COVID-19 HAVA Election Security Grants-CARES | | N/A | <u>40,335</u> |
| Total HAVA Election Security Grants | | | <u>99,146</u> |
| Total U.S Election Assistance Commission | | | <u>99,146</u> |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed Through Ohio Department of Job and Family Services | | | |
| MaryLee Allen Promoting Safe and Stable Families Program | 93.556 | G-2021-11-5916 | 11,711 |
| Temporary Assistance for Needy Families | 93.558 | G-2021-11-5916 | 1,254,062 |
| Child Support Enforcement | 93.563 | G-2021-11-5916 | 444,024 |
| CCDF Cluster | | | |
| Child Care and Development Block Grant | 93.575 | G-2021-11-5916 | <u>39,999</u> |
| Total CCDF Cluster | | | <u>39,999</u> |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | G-2021-11-5916 | 10,067 |
| Foster Care Title IV-E | 93.658 | G-2021-11-5916 | 672,701 |
| Adoption Assistance | 93.659 | G-2021-11-5916 | 259,385 |
| Social Services Block Grant | 93.667 | G-2021-11-5916 | 180,632 |
| Passed Through Ohio Department of Developmental Disabilities | | | |
| Social Services Block Grant | 93.667 | 200IOHSOSR | <u>31,714</u> |
| Total Social Services Block Grant | | | <u>212,346</u> |
| Passed Through Ohio Department of Job and Family Services | | | |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood | 93.674 | G-2021-11-5916 | 12,540 |
| Children's Health Insurance Program | 93.767 | G-2021-11-5916 | 18,500 |
| Medicaid Cluster | | | |
| Medical Assistance Program | 93.778 | G-2021-11-5916 | 541,145 |
| Passed Through Ohio Department of Developmental Disabilities | | | |
| Medical Assistance Program | 93.778 | 2005OH5ADM | 95,335 |
| | | 2105OH5ADM | <u>97,138</u> |
| | | | <u>192,473</u> |
| Total Medicaid Cluster | | | <u>733,618</u> |
| Total U.S. Department of Health and Human Services | | | <u>3,668,953</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Passed Through Ohio Department of Public Safety | | | |
| Emergency Management Performance Grants | 97.042 | EMC-2020-EP-00004 | 38,462 |
| | | EMC-2019-EP-00005 | <u>13,903</u> |
| Total Emergency Management Performance Grants | | | <u>52,365</u> |
| Total U.S. Department of Homeland Security | | | <u>52,365</u> |
| Total Expenditures of Federal Awards | | | <u>\$9,475,973</u> |

(1) There were no amounts passed through to subrecipients.

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, 2020**

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, 2020. 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, 2020 is \$294,662.

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, 2020 is \$32,864.

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.

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 13, 2021, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures 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) to determine the 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 statements. 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 2020-001.

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

September 13, 2021

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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, 2020. 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, 2020.

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

September 13, 2021

DARKE COUNTY
SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020

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): | Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228 Highway Planning & Construction Cluster COVID-19 - Coronavirus Relief Fund – CFDA #21.019 Medicaid Cluster |
| <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 2020-001

Noncompliance

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

FINDING NUMBER 2020-001
(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 modified cash basis of accounting 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.

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

None



Carol Ginn
Darke County Auditor

Courthouse 1st Floor
 504 South Broadway
 Greenville, Ohio 45331-1984
 Phone: (937) 547-7310

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR 200.511(b)
 DECEMBER 31, 2020**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---------------|---|
| 2019-001 | 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 2020-001. 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. |

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Carol Ginn
Darke County Auditor

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504 South Broadway
Greenville, Ohio 45331-1984
Phone: (937) 547-7310

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2020

| | |
|-------------------------------------|---|
| Finding Number: | 2020-001 |
| Planned Corrective Action: | 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. |
| Anticipated Completion Date: | N/A |
| Responsible Contact Person: | Carol Ginn, County Auditor |

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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 10/19/2021

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