

**DARKE COUNTY, OHIO**

***FINANCIAL CONDITION***

*FOR THE YEAR ENDED  
DECEMBER 31, 2013*

**CAROL GINN, AUDITOR**





# Dave Yost • Auditor of State

Board of Commissioners  
Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of Darke County prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Darke County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 14, 2014

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**DARKE COUNTY**

**FINANCIAL CONDITION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

To the Board of Commissioners:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Darke County, Ohio, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Darke 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 Darke 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 Darke County's internal control. Accordingly, we express no 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, the business-type activities, each major fund, and the aggregate remaining fund information of Darke County, Ohio, as of December 31, 2013, 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 Darke 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, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplemental and Other Information***

We audited to opine on Darke County's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities total receipts, statement of activities, and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the 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, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014, on our consideration of Darke 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 Darke County's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
May 29, 2014

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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This discussion and analysis of the Darke County (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2013 within the limitations of the County's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the County's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key highlights for 2013 are as follows:

Total net position of governmental activities was \$21,716,794. The net position of governmental activities increased \$2,431,405, which is about 13 percent.

General governmental receipts accounted for \$15,622,115 or 42% of all receipts. Program specific receipts in the form of charges for services and grants and contributions accounted for \$21,382,048 or 58% of all receipts of governmental activities of \$37,004,163.

The County had \$34,534,238 in cash disbursements related to governmental activities; only \$21,382,048 of these disbursements were offset by program specific charges for services, grants or contributions.

Among major funds, the General Fund had \$15,216,276 in receipts and other financing sources and \$14,415,283 in disbursements and other financing uses. The General Fund's fund balance increased \$800,993, or approximately 21% to a balance of \$4,681,105.

Net position for the enterprise funds decreased \$35,777, or about 5 percent.

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

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

These statements are as follows:

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

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



Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**Basis of Accounting**

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

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

**Reporting the County as a Whole**

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

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

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

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

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

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**Fund Financial Statements**

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

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

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

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

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Table 1 provides a summary of the County's net position for 2013 compared to 2012 on a modified cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Cash and Investments	\$21,716,794	\$19,285,389	\$699,215	\$734,992	\$22,416,009	\$20,020,381
Total Assets	21,716,794	19,285,389	699,215	734,992	22,416,009	20,020,381
<b>Net Position</b>						
Restricted for:						
Other Purposes	14,603,067	13,574,045	0	0	14,603,067	13,574,045
Capital Outlay	661,829	588,465	0	0	661,829	588,465
Unrestricted	6,451,898	5,122,879	699,215	734,992	7,151,113	5,857,871
Total Net Position	\$21,716,794	\$19,285,389	\$699,215	\$734,992	\$22,416,009	\$20,020,381

Total net position of governmental activities increased \$2,431,405. Net position restricted for other purposes increased due largely to a State grant balance at year-end for St. Rt. 242, and also due to increases in cash balances of many other nonmajor funds. Unrestricted net position increased due mostly to the increase in fund balance of the general fund that resulted from an increase in sales tax receipts and other receipts.

Net position of business-type activities decreased \$35,777, or about 5 percent.

Table 2 reflects the changes in net position in 2013, as well as a comparison to the changes in net position during 2012.

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Receipts						
Program Receipts:						
Charges for Services	\$7,649,733	\$8,315,047	\$523,357	\$525,489	\$8,173,090	\$8,840,536
Operating Grants, Contributions and Interest	13,700,453	13,130,542	20,286	130,270	13,720,739	13,260,812
Capital Grants and Cont.	31,862	0	0	0	31,862	0
Total Program Receipts	21,382,048	21,445,589	543,643	655,759	21,925,691	22,101,348
General Receipts:						
Property Taxes	5,133,406	5,081,804	0	0	5,133,406	5,081,804
Sales Taxes	7,634,748	7,080,251	0	0	7,634,748	7,080,251
Grants and Entitlements	1,872,276	1,606,081	0	0	1,872,276	1,606,081
Interest	186,103	195,848	0	0	186,103	195,848
Other	795,582	516,928	3,149	3,947	798,731	520,875
Proceeds and Premium on Debt Issue	0	4,339,505	0	0	0	4,339,505
Total General Receipts	15,622,115	18,820,417	3,149	3,947	15,625,264	18,824,364
Total Receipts	37,004,163	40,266,006	546,792	659,706	37,550,955	40,925,712
Disbursements						
General Government						
Legislative and Executive	4,909,504	4,451,214	0	0	4,909,504	4,451,214
Judicial	3,439,279	3,232,756	0	0	3,439,279	3,232,756
Public Safety	5,585,321	5,444,843	0	0	5,585,321	5,444,843
Public Works	6,252,109	5,675,494	0	0	6,252,109	5,675,494
Health	393,135	417,016	0	0	393,135	417,016
Human Services	12,211,904	13,237,925	0	0	12,211,904	13,237,925
Economic Dev and Assistance	641,419	676,982	0	0	641,419	676,982
Intergovernmental	278,063	314,709	0	0	278,063	314,709
Capital Outlay	170,952	397,105	0	0	170,952	397,105
Debt Service:						
Principal Retirement	437,344	1,203,312	0	0	437,344	1,203,312
Interest and Fiscal Charges	215,208	379,094	0	0	215,208	379,094
Payment to Bond Escrow Agent	0	3,158,691	0	0	0	3,158,691
Issuance Costs	0	118,814	0	0	0	118,814
Sewer	0	0	290,751	237,441	290,751	237,441
Solid Waste	0	0	330,338	308,163	330,338	308,163
Total Disbursements	34,534,238	38,707,955	621,089	545,604	35,155,327	39,253,559
Increase(Decrease) in Net Position Before Advances	2,469,925	1,558,051	(74,297)	114,102	2,395,628	1,672,153
Advances	(38,520)	38,520	38,520	(38,520)	0	0
Increase (Decrease) in Net Position	2,431,405	1,596,571	(35,777)	75,582	2,395,628	1,672,153
Beginning Net Position	19,285,389	17,688,818	734,992	659,410	20,020,381	18,348,228
Ending Net Position	\$21,716,794	\$19,285,389	\$699,215	\$734,992	\$22,416,009	\$20,020,381

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**Governmental Activities**

Net position of the County's governmental activities increased \$2,431,405, which is about 13 percent.

The following table shows total receipts by source for 2013:

<u>Receipts by Source</u>	<u>2013</u>	<u>Percent of Total</u>
Unrestricted grants and entitlements	\$1,872,276	5.06%
Program Receipts	21,382,048	57.78%
General Tax Receipts	12,768,154	34.51%
General Other	981,685	2.65%
Total Receipts	<u>\$37,004,163</u>	<u>100.00%</u>

Tax receipts accounted for \$12,768,154 of the \$37,004,163 in total receipts for governmental activities. Sales tax accounted for \$7,634,748, or approximately 60 percent of the total tax receipts, with property taxes making up the other 40 percent. Sales taxes increased for 2013 due to an improvement in the economy.

The program receipts are made up of \$7,649,733 in direct charges to users of governmental services and \$13,732,315 in grants and contributions restricted to specific programs.

Charges for services decreased largely due to a decrease in reimbursement services in the Job and Family Services Fund, and also due to a decrease in vendor services of the BODD Fund. Operating grants, contributions and interest increased due mostly to the large state grant for St. Rt. 242.

Human Services disbursements accounted for the largest share of disbursements at approximately 35 percent of total cash disbursements for 2013. Public works disbursements were about 18 percent of disbursements and public safety disbursements were about 16 percent of disbursements. General government legislative and executive disbursements accounted for 14 percent of disbursements and General government judicial disbursements were about 10 percent of disbursements.

**Business-Type Activities**

Net position of business-type activities decreased by \$35,777 during 2013. Charges for services were the largest source of receipts, accounting for 96 percent of total business-type activities receipts. Another 3 percent of the receipts were from solid waste grants, and less than one percent was miscellaneous receipts.

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

**Statement of Activities**

If you look at the Statement of Activities on page 13, you will see that the first column lists the major programs of the County. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify, in general, the source of the receipts. The amounts are either paid by people who are directly charged for the service or grants and contributions received by the County that must be used to provide a specific service. A comparison between the total cost of services and the net cost is presented in Table 3. That is, it identifies the cost of these services supported by taxes, unrestricted State entitlements and investment earnings. A comparison to the same information for 2012 is shown.

Table 3

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Current:				
General Government:				
Legislative and Executive	\$4,909,504	\$2,088,463	\$4,451,214	\$1,563,516
Judicial	3,439,279	1,843,305	3,232,756	1,198,182
Public Safety	5,585,321	4,835,847	5,444,843	4,587,234
Public Works	6,252,109	(718,537)	5,675,494	142,188
Health	393,135	207,468	417,016	248,436
Human Services	12,211,904	3,901,368	13,237,925	3,961,540
Economic Development and Assistance	641,419	8,606	676,982	(10,455)
Intergovernmental	278,063	278,063	314,709	314,709
Capital Outlay	170,952	55,055	397,105	397,105
Debt Service:				
Principal Retirement	437,344	437,344	1,203,312	1,203,312
Interest and Fiscal Charges	215,208	215,208	379,094	379,094
Issuance Costs	0	0	118,814	118,814
Payment to Refunded Bond Escrow Agent	0	0	3,158,691	3,158,691
<b>Total Disbursements</b>	<b><u>\$34,534,238</u></b>	<b><u>\$13,152,190</u></b>	<b><u>\$38,707,955</u></b>	<b><u>\$17,262,366</u></b>

Charges for services, operating grants and capital grants of about 58 percent of total cash receipts were received and used to fund the disbursements of the County. The remaining 42 percent of cash receipts were from taxes, unrestricted State entitlements, investment earnings, and miscellaneous receipts. The County relies on these receipts to furnish the services it provides to residents.

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

Information about the County's major governmental funds begins on page 15. All governmental funds had total receipts and other financing sources of \$39,649,297 and total disbursements and other financing uses of \$37,217,892. The General Fund is the chief operating fund of the County. At the end of 2013, the fund balance of the general fund was \$4,681,105. The General Fund balance increased \$800,993 or 21 percent due to the strict monitoring of disbursements during 2013, and increased sales tax receipts.

The Auto License and Gas Tax Fund balance increased \$700,832, which is about 13 percent, due largely to a large balance of a state grant at year-end. The BODD Fund balance increased \$71,044, or about 2 percent. The Job and Family Services Fund balance decreased \$31,549, or 12 percent due to timing of receipts and disbursements of the fund. The non-major governmental funds had an increase in fund balance of \$890,085.

Information about the County's enterprise funds begins on page 21. The enterprise funds reported an operating loss of \$51,546 for 2013, and a decrease in net position of \$35,777.

**Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The County's budget is adopted on a line item basis. The Board of County Commissioners adopts the budget at the department level within each fund of the County. The purchase orders left open and carried over from the prior fiscal year become part of the appropriations for the current year. For 2013, the General Fund had original appropriations of \$16,259,954 and final appropriations of \$17,082,019.

On the budgetary basis, actual disbursements reported include outstanding purchase orders at year-end. Actual disbursements plus year-end encumbrances were \$14,036,437 for 2013.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

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

**Debt**

At December 31, 2013, Darke County had \$6,510,000 in governmental debt outstanding.

Darke County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2013  
Unaudited

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Table 4  
Outstanding Debt at Year End

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$6,510,000	\$6,840,000
Long-Term TIF Notes	0	107,345
Totals	\$6,510,000	\$6,947,345

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

**CURRENT FINANCIAL ISSUES AND CONCERNS**

The economic condition of the County is steadily improving with the exception of the casino revenue, even though the County's budget for the General Fund in 2014 is very conservative. Total receipts are projected to be almost 8.39% less than what was actually received in 2013. The State of Ohio is projecting a decrease in casino revenue of 25%-30%. This decrease reflects the opening of the racinos and a decrease in the original estimates. The County sales tax was uncharacteristically high in 2013, offsetting the low revenue of the casino tax.

This conservative budget is a reflection of a volatile economic climate.

In 2013, PolyOne Corporation announced plans to expand their operations, creating 130 full-time positions and generating an additional annual payroll of \$5 million.

Dave Knapp Ford Lincoln Mercury is partnering with AT&T and the Ford Corporation to convert Ford utility trucks to alternative fuel vehicles. They will act as the middleman to accept the delivery of the vehicles and then deliver them to two companies in Union City to fit the trucks with AT&T's specifications. AT&T's goal is to have 15,000 alternative fuel vehicles in their fleet by 2015.

ABC World News featured a local company on their made in America Christmas segment in December 2013. Arcanum based All American Clothing Co. is a made in the U.S.A. blue jean manufacturer. They are among the 2% in the world that make clothing in the United States. They also offer a traceability technology. This allows the consumer to trace their jeans back to the American farmer that grew the cotton that was used in their jeans. This technology supports over 12,000 American farmers and workers across the United States.

**REQUESTS FOR INFORMATION**

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



**Darke County, Ohio**  
*Statement of Net Position - Modified Cash Basis*  
*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$21,280,898	\$699,215	\$21,980,113
Cash and Cash Equivalents in Segregated Accounts	343,781	0	343,781
Cash and Cash Equivalents with Fiscal Agent	31,694	0	31,694
Investments in Segregated Accounts	60,421	0	60,421
<i>Total Assets</i>	<u>\$21,716,794</u>	<u>\$699,215</u>	<u>\$22,416,009</u>
<b>Net Position</b>			
Restricted for:			
Capital Outlay	661,829	0	661,829
Other Purposes	14,603,067	0	14,603,067
Unrestricted	6,451,898	699,215	7,151,113
<i>Total Net Position</i>	<u>\$21,716,794</u>	<u>\$699,215</u>	<u>\$22,416,009</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2013*

	Disbursements	Program Receipts		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$4,909,504	\$ 2,709,679	\$111,362	\$0
Judicial	3,439,279	930,080	665,894	0
Public Safety	5,585,321	504,497	244,977	0
Public Works	6,252,109	544,835	6,425,811	0
Health	393,135	182,119	3,548	0
Human Services	12,211,904	2,403,925	5,906,611	0
Economic Development	641,419	290,563	342,250	0
Intergovernmental	278,063	0	0	0
Capital Outlay	170,952	84,035	0	31,862
Debt Service:				
Principal Retirement	437,345	0	0	0
Interest and Fiscal Charges	215,207	0	0	0
<i>Total Governmental Activities</i>	<u>34,534,238</u>	<u>7,649,733</u>	<u>13,700,453</u>	<u>31,862</u>
<b>Business-type activities:</b>				
Sewer	290,751	316,082	0	0
Solid Waste	330,338	207,275	20,286	0
<i>Total business-type activities</i>	<u>621,089</u>	<u>523,357</u>	<u>20,286</u>	<u>0</u>
<i>Total primary government</i>	<u>\$35,155,327</u>	<u>\$8,173,090</u>	<u>\$13,720,739</u>	<u>\$31,862</u>

General Receipts:  
Property Taxes Levied for:  
    General Purposes  
    Other Purposes  
  
Permissive Sales Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Unrestricted Investment Earnings  
Payment in Lieu of Taxes  
Miscellaneous  
Advances  
*Total General Receipts and Advances*  
  
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
(\$2,088,463)	\$0	(\$2,088,463)
(1,843,305)	0	(1,843,305)
(4,835,847)	0	(4,835,847)
718,537	0	718,537
(207,468)	0	(207,468)
(3,901,368)	0	(3,901,368)
(8,606)	0	(8,606)
(278,063)	0	(278,063)
(55,055)	0	(55,055)
	0	
(437,345)	0	(437,345)
(215,207)	0	(215,207)
<u>(13,152,190)</u>	<u>0</u>	<u>(13,152,190)</u>
0	25,331	25,331
0	(102,777)	(102,777)
0	(77,446)	(77,446)
<u>(13,152,190)</u>	<u>(77,446)</u>	<u>(13,229,636)</u>
2,632,807	0	2,632,807
2,500,599	0	2,500,599
7,634,748	0	7,634,748
1,872,276	0	1,872,276
186,103	0	186,103
184,554	0	184,554
611,028	3,149	614,177
(38,520)	38,520	0
<u>15,583,595</u>	<u>41,669</u>	<u>15,625,264</u>
2,431,405	(35,777)	2,395,628
<u>19,285,389</u>	<u>734,992</u>	<u>20,020,381</u>
<u>\$21,716,794</u>	<u>\$699,215</u>	<u>\$22,416,009</u>

**Darke County, Ohio**  
*Statement of Modified Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2013*

	General	Auto License and Gas Tax	BODD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$4,342,232	\$5,958,642	\$3,969,790	\$234,435	\$6,775,799	\$21,280,898
Cash and Cash Equivalents in Segregated Accounts	288,452	0	0	0	55,329	343,781
Cash and Cash Equivalents with Fiscal Agents	0	0	31,694	0	0	31,694
Investments in Segregated Accounts	50,421	0	0	0	10,000	60,421
<i>Total Assets</i>	<u>\$4,681,105</u>	<u>\$5,958,642</u>	<u>\$4,001,484</u>	<u>\$234,435</u>	<u>\$6,841,128</u>	<u>\$21,716,794</u>
<b>Fund Balances</b>						
Nonspendable	\$0	\$0	\$43,666	\$0	\$0	\$43,666
Restricted	0	5,958,642	3,957,818	234,435	5,070,335	15,221,230
Committed	0	0	0	0	520,197	520,197
Assigned	3,748,966	0	0	0	1,250,596	4,999,562
Unassigned	932,139	0	0	0	0	932,139
<i>Total Fund Balances</i>	<u>\$4,681,105</u>	<u>\$5,958,642</u>	<u>\$4,001,484</u>	<u>\$234,435</u>	<u>\$6,841,128</u>	<u>\$21,716,794</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, 2013*

	General	Auto License and Gas Tax	BODD	Job and Family Services	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Taxes	\$2,632,807	\$0	\$2,500,599	\$0	\$0	\$5,133,406
Permissive Sales Tax	7,634,748	0	0	0	0	7,634,748
Intergovernmental	1,551,630	6,046,319	2,446,642	2,851,335	2,582,214	15,478,140
Charges for Services	1,653,358	373,113	412,904	787,557	2,621,420	5,848,352
Licenses and Permits	98,113	0	0	0	235,270	333,383
Fines and Forfeitures	353,800	0	0	0	191,595	545,395
Special Assessments	0	0	0	0	300,932	300,932
Interest	186,103	78,560	656	1,129	2,024	268,472
Payments in Lieu of Taxes	184,554	0	0	0	0	184,554
Other	845,000	94,214	20,907	135,082	151,527	1,246,730
<i>Total Receipts</i>	<u>15,140,113</u>	<u>6,592,206</u>	<u>5,381,708</u>	<u>3,775,103</u>	<u>6,084,982</u>	<u>36,974,112</u>
<b>Disbursements</b>						
Current:						
General Government:						
Legislative and Executive	4,263,753	0	0	0	645,751	4,909,504
Judicial	1,991,249	0	0	0	1,448,030	3,439,279
Public Safety	5,257,713	0	0	0	327,608	5,585,321
Public Works	33,908	5,909,633	0	0	308,568	6,252,109
Health	212,437	0	0	0	180,698	393,135
Human Services	454,066	0	5,260,664	3,893,713	2,603,461	12,211,904
Economic Development	0	0	0	0	641,419	641,419
Intergovernmental	277,631	0	0	0	432	278,063
Capital Outlay	0	0	0	0	170,952	170,952
Debt Service:						
Principal Retirement	0	0	0	0	437,345	437,345
Interest and Fiscal Charges	0	0	0	0	215,207	215,207
<i>Total Disbursements</i>	<u>12,490,757</u>	<u>5,909,633</u>	<u>5,260,664</u>	<u>3,893,713</u>	<u>6,979,471</u>	<u>34,534,238</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,649,356</u>	<u>682,573</u>	<u>121,044</u>	<u>(118,610)</u>	<u>(894,489)</u>	<u>2,439,874</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	10,800	18,259	0	0	992	30,051
Advances - In	59,176	0	0	32,000	90,186	181,362
Advances - Out	(58,186)	0	0	(32,000)	(129,696)	(219,882)
Transfers - In	6,187	0	0	87,061	2,370,524	2,463,772
Transfers - Out	(1,866,340)	0	(50,000)	0	(547,432)	(2,463,772)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,848,363)</u>	<u>18,259</u>	<u>(50,000)</u>	<u>87,061</u>	<u>1,784,574</u>	<u>(8,469)</u>
<i>Net Change in Fund Balances</i>	<u>800,993</u>	<u>700,832</u>	<u>71,044</u>	<u>(31,549)</u>	<u>890,085</u>	<u>2,431,405</u>
<i>Fund Balances Beginning of Year</i>	<u>3,880,112</u>	<u>5,257,810</u>	<u>3,930,440</u>	<u>265,984</u>	<u>5,951,043</u>	<u>19,285,389</u>
<i>Fund Balances End of Year</i>	<u>\$4,681,105</u>	<u>\$5,958,642</u>	<u>\$4,001,484</u>	<u>\$234,435</u>	<u>\$6,841,128</u>	<u>\$21,716,794</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, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Taxes	\$2,598,400	\$2,598,400	\$2,632,807	\$34,407
Permissive Sales Tax	7,050,000	7,634,748	7,634,748	0
Intergovernmental	1,180,909	1,484,716	1,569,026	84,310
Charges for Services	1,312,902	1,312,902	1,352,134	39,232
Licenses and Permits	108,130	108,130	98,113	(10,017)
Fines and Forfeitures	367,650	367,650	353,800	(13,850)
Interest	90,965	153,632	182,861	29,229
Payments in Lieu of Taxes	184,554	184,554	184,554	0
Other	181,177	693,916	628,555	(65,361)
<i>Total Receipts</i>	13,074,687	14,538,648	14,636,598	97,950
<b>Disbursements</b>				
Current:				
General Government:				
Legislative and Executive	6,432,447	6,664,411	4,071,871	2,592,540
Judicial	2,080,625	2,096,246	1,994,910	101,336
Public Safety	5,104,049	5,196,039	5,064,949	131,090
Public Works	37,657	37,657	33,908	3,749
Health	236,131	236,141	215,078	21,063
Human Services	508,111	508,111	453,564	54,547
Intergovernmental	278,124	278,124	277,631	493
<i>Total Disbursements</i>	14,677,144	15,016,729	12,111,911	2,904,818
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,602,457)	(478,081)	2,524,687	3,002,768
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	9,900	10,800	900
Advances In	171,506	171,506	69,390	(102,116)
Advances Out	(163,583)	(163,302)	(58,186)	105,116
Transfers In	2,922	2,922	6,187	3,265
Transfers Out	(1,419,227)	(1,901,988)	(1,866,340)	35,648
<i>Total Other Financing Sources (Uses)</i>	(1,408,382)	(1,880,962)	(1,838,149)	42,813
<i>Net Change in Fund Balance</i>	(3,010,839)	(2,359,043)	686,538	3,045,581
<i>Fund Balance Beginning of Year</i>	2,970,165	2,970,165	2,970,165	0
Prior Year Encumbrances Appropriated	48,289	48,289	48,289	0
<i>Fund Balance End of Year</i>	\$7,615	\$659,411	\$3,704,992	\$3,045,581

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, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$4,450,000	\$4,641,694	\$4,641,694	\$0
Charges for Services	280,000	390,965	366,002	(24,963)
Interest	70,000	70,000	78,560	8,560
Other	18,000	90,365	103,509	13,144
<i>Total Receipts</i>	4,818,000	5,193,024	5,189,765	(3,259)
<b>Disbursements</b>				
Current:				
Public Works	6,826,807	6,826,807	4,993,403	1,833,404
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,008,807)	(1,633,783)	196,362	1,830,145
<i>Other Financing Sources (Uses):</i>				
Proceeds from Sale of Capital Assets	15,000	15,000	18,259	3,259
Advances In	28,400	28,400	28,400	0
Advances Out	(28,400)	(28,400)	(28,400)	0
Transfers Out	(90,100)	(90,100)	(54,950)	35,150
<i>Total Other Financing Sources (Uses)</i>	(75,100)	(75,100)	(36,691)	38,409
<i>Net Change in Fund Balance</i>	(2,083,907)	(1,708,883)	159,671	1,868,554
<i>Fund Balance at Beginning of Year</i>	5,237,245	5,237,245	5,237,245	0
Prior Year Encumbrances Appropriated	248	248	248	0
<i>Fund Balance at End of Year</i>	<u>\$3,153,586</u>	<u>\$3,528,610</u>	<u>\$5,397,164</u>	<u>\$1,868,554</u>

See accompanying notes to the basic financial statement:

**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, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Taxes	\$2,406,000	\$2,406,000	\$2,500,599	\$94,599
Intergovernmental	2,831,945	2,630,022	2,543,329	(86,693)
Charges for Services	440,640	440,640	412,904	(27,736)
Other	1,000	1,000	20,830	19,830
<i>Total Receipts</i>	<u>5,679,585</u>	<u>5,477,662</u>	<u>5,477,662</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Human Services	<u>6,253,187</u>	<u>6,253,187</u>	<u>5,341,568</u>	<u>911,619</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(573,602)</u>	<u>(775,525)</u>	<u>136,094</u>	<u>911,619</u>
<b>Other Financing Uses</b>				
Transfers - Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(623,602)	(825,525)	86,094	911,619
<i>Fund Balance at Beginning of Year</i>	3,177,977	3,177,977	3,177,977	0
Prior Year Encumbrances Appropriated	<u>81,637</u>	<u>81,637</u>	<u>81,637</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$2,636,012</u>	<u>\$2,434,089</u>	<u>\$3,345,708</u>	<u>\$911,619</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, 2013*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$2,434,098	\$2,311,281	\$2,374,853	\$63,572
Charges for Services	671,000	671,000	637,130	(33,870)
Other	380,000	380,000	320,759	(59,241)
<i>Total Receipts</i>	3,485,098	3,362,281	3,332,742	(29,539)
<b>Disbursements</b>				
Current:				
Human Services	3,703,262	3,548,445	3,473,971	74,474
<i>Excess of Receipts Under Disbursements</i>	(218,164)	(186,164)	(141,229)	44,935
<b>Other Financing Sources (Uses):</b>				
Transfers - In	89,522	89,522	87,061	(2,461)
Advances - In	0	0	32,000	32,000
Advances - Out	0	(32,000)	(32,000)	0
Total Other Financing Sources (Uses)	89,522	57,522	87,061	29,539
<i>Net Change in Fund Balance</i>	(128,642)	(128,642)	(54,168)	74,474
<i>Fund Balance at Beginning of Year</i>	127,406	127,406	127,406	0
Prior Year Encumbrances Appropriated	1,236	1,236	1,236	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$74,474</u>	<u>\$74,474</u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Fund Net Position - Modified Cash Basis*  
*Enterprise Funds*  
*As of December 31, 2013*

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	Enterprise Funds
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$699,215
<b>Net Position</b>	
Unrestricted	\$699,215

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*  
*December 31, 2013*

	Total
<b>Operating Receipts</b>	
Charges for Services	\$523,357
Other	3,149
<i>Total Operating Receipts</i>	526,506
<b>Operating Disbursements</b>	
Personal Services	85,722
Contractual Services	391,942
Materials and Supplies	30,758
Other	69,630
<i>Total Operating Disbursements</i>	578,052
<i>Operating Loss</i>	(51,546)
<b><i>Non-Operating Receipts (Disbursements)</i></b>	
Federal and State Subsidies	20,286
Capital Outlay	(43,037)
Advances In	38,520
<i>Total Non-Operating Receipts (Disbursements)</i>	15,769
<i>Change in Net Position</i>	(35,777)
<i>Net Position Beginning of Year</i>	734,992
<i>Net Position End of Year</i>	\$699,215

See accompanying notes to the basic financial statements

**Darke County**  
*Statement of Cash Flows*  
*Enterprise Funds*  
*For the Year Ended December 31, 2013*

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	<u>Enterprise</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers and Support	\$523,357
Cash Received from Other Operating Receipts	3,149
Cash Payments for Employee Services and Benefits	(85,722)
Cash Payments to Suppliers	(422,700)
Cash Payments for Other Operating Disbursements	<u>(69,630)</u>
<i>Net Cash Used in Operating Activities</i>	<u>(51,546)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Federal and State Subsidies	20,286
Acquisition of Capital Assets	(43,037)
Advances In	<u>38,520</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>15,769</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(35,777)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>734,992</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$699,215</u></u>

See accompanying notes to the basic financial statements

**Darke County, Ohio**  
*Statement of Fiduciary Net Position*  
*Modified Cash Basis*  
*Agency Funds*  
*December 31, 2013*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,744,705
Cash and Cash Equivalents in Segregated Accounts	256,599
Investments in Segregated Accounts	<u>75,000</u>
<i>Total Assets</i>	<u><u>\$2,076,304</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$2,076,304</u>
<i>Total Liabilities</i>	<u><u>\$2,076,304</u></u>

See accompanying notes to the basic financial statements

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**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, one Municipal Court Judge and a joint Probate/Juvenile Court Judge.

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

*Reporting Entity:*

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

Component units are legally separate organizations for which the County is financially accountable 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, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

***Wayne Industries***

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

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

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

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

Insurance Purchasing 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)

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**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.

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 and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the year, and non-budgeted activity of some of the departments off-book cash accounts. Differences between receipts reported in the fund and entity wide statements versus budgetary receipts are due to unrecorded cash at the beginning and end of the year, and activity of West-Con on behalf of the Darke County 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 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.

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 Fund, the BODD Fund, and the Job and Family Services Fund are as follows:

Net Change in Fund Balance

	General	Auto License and Gas	BODD	Job and Family Services
Modified Cash Basis	\$800,993	\$700,832	\$71,044	(\$31,549)
Unrecorded Cash on Hand	48,494	2,184	96,687	(20,670)
Non-Budgeted Activity	(10,823)	0	14,658	0
Encumbrances	(43,974)	(14,820)	(105,416)	(1,427)
Difference in Perspective	(108,152)	(528,525)	9,121	(522)
Budget Basis	\$686,538	\$159,671	\$86,094	(\$54,168)

**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.



Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

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.

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

The County's only fiduciary funds are agency funds. Agency funds are custodial in nature, where the County deposits and pays cash as directed by another entity or individual. The County's agency funds account for assets held by the County for political subdivisions in which the County acts as fiscal agent, and for taxes, State-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

**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.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

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

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

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

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

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

The County values investments and cash equivalents at cost. During 2013, the County invested in non-negotiable certificates of deposit.

Following Ohio statutes, the Board of Commissioners has specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during 2013 was \$186,103 including \$140,671 assigned from other County funds.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

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, 2013, are recorded as disbursements when made.

**F. Capital Assets**

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

**G. Compensated Absences**

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

**H. Long-term Obligations**

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

**I. Fund Balance**

Fund balance is reported as nonspendable when it is not in spendable form.

Fund balance is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The County first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted fund balance is available.

Fund balance is reported as committed when the Board of County Commissioners has placed constraints on the use of resources by resolution.

Fund balance is reported as assigned when the Auditor has encumbered or otherwise set aside resources not already committed to be used for a specific purpose.

Unassigned fund balance represents resources not restricted, committed or assigned to a specific purpose.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

The County applies committed resources first and then assigned resources when a disbursement is incurred for purposes which committed, assigned and unassigned fund balance is available.

**J. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. At December 31, 2013, \$9,448,809 of the County's \$14,603,067 restricted net position for other purposes was restricted by enabling legislation and \$5,154,258 was restricted by grantors.

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

**K. Interfund Activity**

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

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

**L. Budgetary Data**

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

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

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

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

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

**M. 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 – CHANGE IN ACCOUNTING PRINCIPLE AND COMPLIANCE**

**A. CHANGE IN ACCOUNTING PRINCIPLE**

County has implemented GASB Statement No. 61, “The Financial Reporting Entity: Omnibus.” This statement modifies certain requirements for inclusion of component units in the financial reporting entity. As a result of implementing GASB Statement No. 61, the reporting entity note disclosure has been changed. The implementation had no effect on fund balance/net position as previously reported for the year ended December 31, 2012.

**B. 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, 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 – 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.

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, by surety company bonds deposited with the County Auditor by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Beginning June 15, 2004, inactive monies may be deposited or invested in the following securities provided a written investment policy has been filed with the Ohio Auditor of State:

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

1. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States, 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 securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
9. Up to twenty-five percent of the County's average portfolio 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 rated at the time of purchase, which are rated in the highest qualification 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 and mature within 270 days after purchase;
  - b. banker's acceptances eligible for purchase by the Federal Reserve System and which mature within 180 days after purchase;
10. 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 consisting exclusively of obligations guaranteed by the United States, securities issued by a federal government agency or instrumentality, and/or highly rated commercial paper;

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 4 – DEPOSITS AND INVESTMENTS** (continued)

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

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

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

At December 31, 2013, the County had \$637,486 in undeposited cash on hand with the Treasurer and in various departments.

***Deposits***

At December 31, 2013, the book balance of the County's deposits was \$23,823,133 and the bank balance was \$25,352,409.

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

The government does not have a deposit policy for custodial credit risk. As of December 31, 2013, \$8,992,917 of the government's bank balance of \$25,352,409 was exposed to custodial credit risk in that it was uninsured and collateralized with securities held by the pledging financial institution's trust department but not in the County's name. Although the State statutory requirement for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 4 – DEPOSITS AND INVESTMENTS** (continued)

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
GASB Statement No. 9	\$24,356,892	\$135,421
Cash on Hand	(637,486)	0
Cash with Fiscal Agents	(31,694)	
Certificates of Deposit	135,421	(135,421)
GASB Statement No. 3/GASB Statement No. 40	\$23,823,133	\$0

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the County. Real property tax receipts received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after October 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property must be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed in 2011. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility real property is assessed at thirty-five percent of true value. Public utility property taxes are payable on the same dates as real property as described previously.

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

The full tax rate for all County operations for the year ended December 31, 2013, was \$6.30 per \$1,000 of assessed value. The assessed value upon which 2013 property tax receipts were based are as follows:

Category	Assessed Value	Percent
Real Property	\$964,726,270	94.91
Public Utility Property	51,789,080	5.09
Total Assessed Value	\$1,016,515,350	100.00%



Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 6 - PERMISSIVE SALES AND USE TAX**

The County Commissioners, by resolution, imposed a 1.5 percent tax on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Ohio Department of Taxation then has five days in which to draw the warrant payable to the County. Sales and use tax receipts in 2013 amounted to \$7,634,748 in the General Fund.

**NOTE 7 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables are not presented on the face of the financial statements. At December 31, 2013, the following receivables and payables existed between funds of the County:

Fund	Receivable	Payable
Governmental Funds:		
General Fund	\$47,000	\$0
Other Governmental Funds	0	47,000
Total Governmental Funds	\$47,000	\$47,000

The interfund receivables and payables are the repayment of advances.

**NOTE 8 – INTERFUND TRANSFERS**

Transfers in and out during the year ended December 31, 2013, were as follows:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund	\$6,187	\$1,866,340
Job and Family Services Fund	87,061	0
BODD	0	50,000
Other Governmental Funds	2,370,524	547,432
Total Governmental Funds	\$2,463,772	\$2,463,772

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; to return money to the fund from which it was originally provided once a project is complete; and to transfer capital assets. All transfers made in 2013 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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

For the year ended December 31, 2013, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 12.6 percent of their annual covered salary.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Codes currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits, and the remainder is for pension benefits.

The County's contribution rate for pension benefits for 2013 was 13.00 percent of covered payroll except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 17.10 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$1,931,347, \$1,423,035, \$1,419,257, which were equal to the required contributions for each year.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 9 - DEFINED BENEFIT PENSION PLANS** (continued)

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

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

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

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations, the same portion that was used to fund pension obligations for 2012. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2013, 2012 and 2011 were \$6,347, \$6,347, and \$6,284, respectively; which were equal to the required contributions for each year.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

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

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

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

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

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

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2013, the employer contribution allocated to the health care plan for members in the traditional plan and members in the combined plans was 1.00% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2013, 2012, and 2011 was \$148,565, \$569,214, and \$567,703, respectively, which equaled the required contributions.

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

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

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 10 - POSTEMPLOYMENT BENEFITS** (continued)

All STRS Ohio benefit recipients who participated in the Defined Benefit or Combined Plans and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. The portion allocated to post-employment healthcare for the years ended June 30, 2013, 2012, and 2011 was 1% of covered payroll. For the County, this amount was \$488 for 2013, \$488 for 2012, and \$483 for 2011, which were equal to the required contributions for each of the fiscal years.

**NOTE 11 – OTHER EMPLOYEE BENEFITS**

**Deferred Compensation Plans**

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

**Compensated Absences**

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

**NOTE 12 – LONG-TERM DEBT**

***Governmental Activities***

Details of the changes in the governmental activities long-term debt for the year ended December 31, 2013 are indicated below:

	Balance at 12/31/12	Increases	Decreases	Balance at 12/31/13	Due Within One Year
General Obligation Bonds Payable:					
2010 Various Purpose Bonds	\$2,630,000	\$0	\$95,000	\$2,535,000	\$95,000
2012 Various Purpose Improvement Bonds	3,515,000	0	195,000	3,320,000	200,000
2012 Various Purpose Bonds	695,000	0	40,000	655,000	40,000
Total General Obligation Bonds	<u>6,840,000</u>	<u>0</u>	<u>330,000</u>	<u>6,510,000</u>	<u>335,000</u>
Long-Term Notes Payable					
5.65 % Anderson Marathon TIF	107,345	0	107,345	0	0
Total Long-Term Obligations	<u>\$6,947,345</u>	<u>\$0</u>	<u>\$437,345</u>	<u>\$6,510,000</u>	<u>\$335,000</u>

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 12 – LONG-TERM DEBT** (continued)

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.

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.

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, 2013, are an overall debt margin of \$17,402,884 and an unvoted debt margin of \$3,655,154.

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
2014	\$ 95,000	\$ 99,571	\$ 200,000	\$ 80,088	\$ 40,000	\$ 26,448
2015	95,000	97,671	200,000	77,088	40,000	25,648
2016	95,000	95,771	200,000	74,088	45,000	24,848
2017	100,000	93,634	210,000	70,088	45,000	23,948
2018	105,000	91,134	215,000	65,888	45,000	22,328
2019-2023	595,000	401,084	1,165,000	259,608	255,000	85,172
2024-2028	720,000	262,456	1,070,000	97,332	185,000	19,949
2029-2033	650,000	98,919	60,000	4,800	0	0
2034-2038	80,000	7,169	0	0	0	0
Totals	\$2,535,000	\$1,247,409	\$3,320,000	\$728,980	\$ 655,000	\$228,341

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 13 – FUND BALANCE**

Fund balance of the governmental funds is classified as non-spendable, 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, 2013 were as follows:

Fund Balance	General	Auto License And Gas Tax	BODD
<b>Non-Spendable</b>			
Gifts and Bequests	\$0	\$0	\$43,666
<b>Restricted for:</b>			
Roads and Bridges		5,958,642	
Ditch Maintenance			
Ditch Construction			
Job and Family Services			
Developmental Disabilities			3,957,818
Delinquent Real Estate Collection			
Real Estate Assessment			
Federal Aviation Grant			
Children's Services			
Child Support			
Court Operations			
Felony Delinquent Care and Custody			
Court Special Projects			
Sheriff			
EMA Operations			
Dog and Kennel			
TB Control			
Help Me Grow Grant			
Community Development			
Government Center Improvements			
<b>Total Restricted</b>	<u>0</u>	<u>5,958,642</u>	<u>3,957,818</u>
<b>Committed to:</b>			
Juvenile Center Operations			
County Home Operations			
Economic Development			
Government Complex Maintenance			
<b>Total Committed</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Assigned for:</b>			
Unpaid Obligations	43,974		
Subsequent Year Appropriations	3,704,992		
Capital Improvements			
BODD Capital Improvements			
<b>Total Assigned</b>	<u>3,748,966</u>	<u>0</u>	<u>0</u>
<b>Unassigned</b>	<u>932,139</u>	<u>0</u>	<u>0</u>
<b>Total Fund Balance</b>	<u>\$4,681,105</u>	<u>\$5,958,642</u>	<u>\$4,001,484</u>

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 13 – FUND BALANCE** (Continued)

Fund Balance	Job and Family Services	Other Governmental Funds	Total
<b>Non-Spendable</b>			
Gifts and Bequests	\$0	\$0	\$43,666
<b>Restricted for:</b>			
Roads and Bridges		193,928	6,152,570
Ditch Maintenance		411,895	411,895
Ditch Construction		46,008	46,008
Job and Family Services	234,435		234,435
Developmental Disabilities			3,957,818
Delinquent Real Estate Collection		154,636	154,636
Real Estate Assessment		1,452,538	1,452,538
Federal Aviation Grant		39,839	39,839
Children’s Services		108,700	108,700
Child Support		64,139	64,139
Court Operations		740,978	740,978
Felony Delinquent Care and Custody		94,969	94,969
Court Special Projects		1,064,221	1,064,221
Sheriff		384,039	384,039
EMA Operations		28,207	28,207
Dog and Kennel		85,830	85,830
TB Control		1,008	1,008
Help Me Grow Grant		15,255	15,255
Community Development		179,144	179,144
Government Center Improvements		5,001	5,001
<b>Total Restricted</b>	<u>234,435</u>	<u>5,070,335</u>	<u>15,221,230</u>
<b>Committed to:</b>			
Juvenile Center Operations		8,533	8,533
County Home Operations		217,615	217,615
Economic Development		163,366	163,366
Government Complex Maintenance		130,683	130,683
<b>Total Committed</b>	<u>0</u>	<u>520,197</u>	<u>520,197</u>
<b>Assigned for:</b>			
Unpaid Obligations			43,974
Subsequent Year Appropriations			3,704,992
Capital Improvements		1,076,266	1,076,266
BODD Capital Improvements		174,330	174,330
<b>Total Assigned</b>	<u>0</u>	<u>1,250,596</u>	<u>4,999,562</u>
<b>Unassigned</b>	<u>0</u>	<u>0</u>	<u>932,139</u>
<b>Total Fund Balance</b>	<u>\$234,435</u>	<u>\$6,841,128</u>	<u>\$21,716,794</u>



Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 14 - RISK MANAGEMENT**

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

**Shared Risk Pools**

**A. County Risk Sharing Authority Incorporated**

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

Coverages provided by CORSA are as follows:

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

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

The continued existence of CORSA is dependant upon the County's continued participation; however the County does not have an equity interest in CORSA. In 2013, the County contributed \$221,783. Complete financial statements can be obtained from the County Risk Sharing Authority, Inc. at 209 E. State Street, Columbus, Ohio 43215.

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

For 2013, 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.

Darke County, Ohio  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013

**NOTE 14 - 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 CCAO's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the CCAOSC is limited to counties that can meet the CCAOSC's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the CCAOSC. Each year, the County pays an enrollment fee to the CCAOSC to cover the costs of administering the CCAOSC.

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

**NOTE 15 - 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 2013, the County contributed \$519,100 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, 2013

**NOTE 15 - 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 and Union counties. WestCon was created to serve as an administrator and fiscal agent of Supported Living funds for the Boards of Developmental Disabilities (DODD Boards) of each of the participating counties. The degree of control exercised by any participating government is limited to its representation on the Board of Directors (the Board) of West Con. The Board consists of one delegate, who is the Superintendent, from each of the participating DODD Boards. Payments to WestCon are limited to the supported living funds of each participating county. During 2013, the County contributed \$323,652 to WestCon. Financial information can be obtained from Renee Place, Executive Director, 315 East Court Street, Sidney, Ohio 45365.

**NOTE 16 – RELATED PARTY TRANSACTIONS**

Wayne Industries has entered into a contractual agreement with the Darke County Board of Developmental Disabilities (BODD), whereby the BODD provides sheltered employment for mentally and physically handicapped individuals in Darke County. The BODD provides the workshop with personnel necessary for the operation of the habilitation services to the client, land and buildings for the operation of the center, maintenance and repair of the buildings and professional staff to supervise and train clients of Wayne Industries. During 2012 (the latest information available), the fair value of this support was \$162,931.

**NOTE 17 – CONTINGENCIES**

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

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

## **SUPPLEMENTARY DATA**

DARKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor Program Title	Pass Through/ Entity Number	Federal CFDA Number	(A),(B) Cash Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
(Passed Through the Ohio Department of Job and Family Services)			
State Administration Matching Grants for the Supplemental Nutrition Assistance Program	G-1415-11-5347 / G-1213-11-0027	10.561	\$ 342,960
<b>Total U.S. Department of Agriculture</b>			<b>342,960</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
(Passed Through the Ohio Department of Development)			
CDBG/State's program and Non-Entitlement Grants in Hawaii	B-Z-08-1AR-1	14.228	13,750
CDBG/State's program and Non-Entitlement Grants in Hawaii	B-C-12-1AR-1	14.228	142,326
CDBG/State's program and Non-Entitlement Grants in Hawaii	B-F-11-1AR-1	14.228	87,007
CDBG/State's program and Non-Entitlement Grants in Hawaii	B-F-12-1AR-1	14.228	58,606
<b>Total CDBG/State's program and Non-Entitlement Grants in Hawaii</b>			<b>301,689</b>
Home Investment Partnerships Program	B-C-12-1AR-2	14.239	96,024
<b>Total U.S. Department of Housing and Urban Development</b>			<b>397,713</b>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
(Passed Through the Ohio Department of Job & Family Services and Area 7 Workforce Investment Board)			
<b>Workforce Investment Act (WIA) Cluster:</b>			
WIA Adult Program - Administrative	N/A	17.258	1,352
WIA Adult Program	N/A	17.258	113,657
<b>Total WIA Adult Program</b>			<b>115,009</b>
WIA Youth Activities	N/A	17.259	86,005
WIA Dislocated Worker Formula Grants - Administration	N/A	17.278	1,419
WIA Dislocated Worker Formula Grants	N/A	17.278	185,263
<b>Total WIA Dislocated Worker Formula Grants</b>			<b>186,682</b>
<b>Total Workforce Investment Act (WIA) Cluster</b>			<b>387,696</b>
<b>Total U.S. Department of Labor</b>			<b>387,696</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
(Direct Receipt - Federal Aviation Administration)			
Airport Improvement Program	AIP-3-39-0082-1013	20.106	50,201
Airport Improvement Program	AIP-3-39-0082-0912	20.106	18,049
Airport Improvement Program	AIP-3-39-0082-0710	20.106	31,862
Airport Improvement Program	AIP-3-39-0082-0811	20.106	3,388
<b>Total Airport Improvement Program</b>			<b>103,500</b>
(Passed through the Ohio Department of Transportation)			
Highway Planning and Construction	94575	20.205	28,400
Highway Planning and Construction	95323	20.205	2,250
<b>Total Highway Planning and Construction</b>			<b>30,650</b>
Interagency Hazardous Materials Public Sector Training and Planning Grants	HM-HMP-0302-12-01-00	20.703	11,520
<b>Total U.S. Department of Transportation</b>			<b>145,670</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
(Passed Through the Ohio Department of Health)			
Special Education - Grants for Infants and Families	01910021HG0413	84.181	40,806
Special Education - Grants for Infants and Families	01910021HG0514	84.181	9,401
<b>Total Special Education - Grants for Infants and Families</b>			<b>50,207</b>
<b>Total U.S. Department of Education</b>			<b>50,207</b>

(Continued)

DARKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through/ Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
(Passed Through the Ohio Department of Job and Family Services) Promoting Safe and Stable Families	G-1415-11-5347 / G-1213-11-0027	93.556	58,845
Temporary Assistance for Needy Families	G-1415-11-5347 / G-1213-11-0027	93.558	809,974
Child Support Enforcement	G-1415-11-5347 / G-1213-11-0027	93.563	340,682
Child Care and Development Block Grant	G-1415-11-5347 / G-1213-11-0027	93.575	60,816
Stephanie Tubbs Jones Child Welfare Services Program	G-1415-11-5347 / G-1213-11-0027	93.645	58,509
Foster Care_Title IV-E	G-1415-11-5347 / G-1213-11-0027	93.658	402,065
Adoption Assistance	G-1415-11-5347 / G-1213-11-0027	93.659	161,876
Social Services Block Grant	G-1415-11-5347 / G-1213-11-0027	93.667	379,839
(Passed through Ohio Department of Developmental Disabilities) Social Services Block Grant	N/A	93.667	44,595
<b>Total Social Services Block Grant</b>			<b>424,434</b>
(Passed Through Ohio Department of Job and Family Services) Chafee Foster Care Independence Program	G-1415-11-5347 / G-1213-11-0027	93.674	18,589
Medical Assistance Program	G-1415-11-5347 / G-1213-11-0027	93.778	428,817
(Passed Through Ohio Department of Development Disabilities): Medical Assistance Program	N/A	93.778	108,945
<b>Total Medical Assistance Program</b>			<b>537,762</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>2,873,552</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
(Passed through Ohio Department of Public Safety) Emergency Management Performance Grants	EMW-2011-EP-00003-S01	97.042	6,443
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	38,892
Emergency Management Performance Grants	EMW-2013-EP-00060-S01	97.042	33,393
<b>Total Emergency Management Performance Grants</b>			<b>78,728</b>
Interoperable Emergency Communications	2010-IP-T0-0007	97.055	10,967
Homeland Security Grant Program	2010-SS-T0-0012	97.067	18,705
Homeland Security Grant Program	EMW-2011-SS-00070	97.067	9,791
<b>Total Homeland Security Grant Program</b>			<b>28,496</b>
<b>Total U.S. Department of Homeland Security</b>			<b>118,191</b>
<b>Total Federal Programs</b>			<b>\$ 4,315,989</b>

(Continued)

**DARKE COUNTY  
FINANCIAL CONDITION  
FISCAL YEAR ENDED DECEMBER 31, 2013**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the Darke County (the County's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The County passes certain federal awards received from the Ohio Department of Development to other governments or not-for-profit agencies (sub-recipients). As described in Note A, the County reports expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C - MATCHING REQUIREMENTS**

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

**NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAM**

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

Activity in the CDBG revolving loan fund during 2013 is as follows:

	Loans Receivable	Cash Balance
<u>Revolving Loans</u>		
Beginning Balance	\$368,912	\$43,386
Loans Issued	5,000	(5,000)
Loan Repayment Receipts	(25,758)	25,758
Interest Receipts	0	4,649
Administration	0	(7,554)
Ending Balances	<u>\$348,154</u>	<u>\$61,239</u>

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

**DARKE COUNTY  
FINANCIAL CONDITION  
FISCAL YEAR ENDED DECEMBER 31, 2013**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)**

**NOTE E - COMMUNITY HOUSING INVESTMENT PARTNERSHIP PROGRAM**

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

Activity in the Community Housing Investment Partnership Program Fund during 2013 is as follows:

<u>Revolving Loans</u>	<u>Loans Receivable</u>	<u>Cash Balance</u>
Beginning Balance	\$1,752,111	\$130,882
Loans Forgiven	(61,730)	0
Loan Repayment Receipts	(10,715)	10,715
Interest Receipts	0	1,471
Administration	0	(510)
Ending Balances	<u>\$1,679,666</u>	<u>\$142,558</u>

These loans are collateralized by mortgages on the property.

**NOTE F - BODD MEDICAID DEFERRED PAYMENTS**

During the calendar year, the County Board of Developmental Disabilities received notice of a liability owed to the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA # 93.778) in the amount of \$2,252. The Cost Report liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

**NOTE G - PASS THROUGH ENTITY NUMBER**

The pass through entity number for certain grants were unable to be obtained.





## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **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 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Darke County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Darke County's basic financial statements and have issued our report thereon dated May 29, 2014, wherein we noted Darke County uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered Darke 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 Darke 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 Darke 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.

Board of Commissioners  
Darke County

***Compliance and Other Matters***

As part of reasonably assuring whether Darke County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2013-DC-001.

We also noted certain matters not requiring inclusion in this report that we reported to Darke County's management in a separate letter dated May 29, 2014.

***Darke County's Response to Findings***

Darke County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Darke County's response 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 Darke County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Darke County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
May 29, 2014



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable  
to Each Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

Darke County  
504 South Broadway Street  
Greenville, Ohio 45331

To the Board of Commissioners:

***Report on Compliance for Each Major Federal Program***

We have audited Darke County's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Darke County's major federal programs for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and responses identifies Darke County's major federal programs.

***Management's Responsibility***

Darke County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on Darke County's compliance for each of Darke 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 Darke 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 Darke County's major programs. However, our audit does not provide a legal determination of Darke 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, 2013.

Board of Commissioners  
Darke County

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

Darke 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 Darke 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 OMB Circular A-133, 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 Darke 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.

We also noted a certain matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to Darke County's management in a separate letter dated May 29, 2014.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
May 29, 2014

**DARKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES**

*OMB CIRCULAR A-133 § .505*

**DECEMBER 31, 2013**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	State Administration Matching Grants for the Supplemental Nutrition Assistance Program - CFDA # 10.561; CDBG/State's program and Non-Entitlement Grants in Hawaii - CFDA # 14.228; Temporary Assistance for Needy Families - CFDA # 93.558; Social Services Block Grant - CFDA # 93.667; Medical Assistance Program - CFDA # 93.778
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**DARKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2013**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2013-DC-001

**Noncompliance**

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

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 (GAAP). The County prepares its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the County being fined or other administrative remedies.

The County should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

*Client Response:* The County has declining revenue, and with the cost factor of GAAP, I decided to return to a Cash Basis Financial Report.

<b>3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS</b>
------------------------------------------------------------

None

**DARKE COUNTY**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2012-DC-001	<u>Noncompliance</u> - 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 (GAAP). The County prepared its annual financial report in accordance with the modified cash basis of accounting.	No	Repeated as finding 2013-DC-001
2012-DC-002	<u>Noncompliance and Significant Deficiency</u> - 24 C.F.R. Section 85.21(c) states grantees and sub-grantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or sub-grantee. The County maintained program balances in excess of \$5,000 for a period of more than fifteen consecutive days at various times during 2012.	Partially corrected	Repeated as a management letter comment
2012-DC-003	<u>Noncompliance</u> - 31 U.S.C. 7502(a)(1)(A) requires non-federal entities that expend \$500,000 or more in a year in Federal Awards shall have an annual Single or Program-Specific audit conducted for that year and filed with the Federal Audit Clearing House within nine months after year end. The County expended \$5,655,078 in federal awards in 2011, but did not file their reporting packet with the Federal Audit Clearinghouse until October 2012.	Yes	N/A
2011-02	<u>Finding for Recovery - Overpayment of Wages</u> - The Veterans Service Commission Board paid an employee an amount that did not agree to the actual time worked. An overpayment of \$3,640 occurred.	Yes	N/A
2011-03	<u>Finding for Recovery - Overpayment of Wages</u> - The Veterans Service Commission Board paid an employee an amount that did not agree to the actual time worked. An overpayment of \$2,012 occurred.	Yes	N/A
2011-04	<u>Finding for Recovery - Overpayment of Wages</u> - The Veterans Service Commission Board paid an employee an amount that did not agree to the actual time worked. An overpayment of \$4,050 occurred.	Yes	N/A

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# Dave Yost • Auditor of State

## DARKE COUNTY FINANCIAL CONDITION

### DARKE COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 24, 2014