



OHIO AUDITOR OF STATE  
**KEITH FABER**





**PREBLE COUNTY  
DECEMBER 31, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Preble County  
101 East Main Street  
Eaton, Ohio 45320

To the Board of County Commissioners:

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Preble County, Ohio (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Preble County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, Developmental Disabilities, and Coronavirus Relief Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during 2020, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also as discussed in Note 28 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2021

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PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

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The discussion and analysis of Preble County's financial performance provides an overall review of the County's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the County's financial performance as a whole. Readers should also review the basic financial statements to enhance their understanding.

### **FINANCIAL HIGHLIGHTS**

1. The net position of the County's governmental activities increased by \$32,419.
2. The net position of the County's business-type activities increased by \$1,218,516.

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

This discussion and analysis introduces you to Preble County's basic financial statements, which are made up of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### Government-wide Financial Statements

Preble County's government-wide financial statements include a Statement of Net Position and a Statement of Activities, which report on the financial activities of the Preble County government as a whole, giving the reader a summary of County finances with a view of the bottom-line results of the County's operations.

Additionally, these statements are prepared using the economic resources measurement focus and the accrual basis of accounting, similar to financial statements prepared in the private sector. As a result, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County are accrued, and revenues and expenses are reported in the current year regardless of when the resulting cash flows occur.

The County's financial activities are identified in the government-wide financial statements as governmental activities or business-type activities. Governmental activities constitute the majority of the County's operations and are financed primarily by operating grants, taxes, charges for services, capital grants, and other intergovernmental revenues. The County's governmental activities are accounted for in the governmental funds and are classified in the following major functions:

*Legislative and Executive* – general government operations including the offices of the commissioners, auditor, treasurer, prosecutor, recorder, budget commission, the data processing department, the rural zoning department, the board of elections, the maintenance department, and the microfilm department.

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*Judicial* – court related activities including the operations of the common pleas court, probate court, juvenile court, common pleas referee, municipal court, jury commission, adult probation department, court of appeals, law library, and clerk of courts.

*Public Safety* – activities associated with the protection of the public including the sheriff's operations, office of the coroner, building regulations, workhouse and disaster services.

*Public Works* – activities associated with maintaining County roads and bridges and sanitation and drainage systems.

*Health* – activities related to serving the public health, including activities provided by the dog warden, the Mental Health Board, and the Alcohol and Drug Addiction Services Board.

*Human Services* – activities related to the provisions of various forms of services and assistance to individuals, children and families, including services provided by the Veteran's Services Board, Children Services Board, Child Support Enforcement Agency, the Board of Developmental Disabilities, and the Department of Job and Family Services.

Business-type activities are those activities accounted for in enterprise funds, including the County's sewer and landfill. Business-type activities rely on user fees and other charges to wholly, or to a large extent, fund their operations.

The Statement of Net Position reports all assets and deferred outflows of resources and liabilities and deferred inflows of resources of the County, with Net Position being the difference between the two. This statement is useful when evaluating the financial condition of the County. Monitoring the changes to Net Position over time is one indication of whether the County's financial condition is improving or deteriorating.

The Statement of Activities reports, for the current year, the changes to the County's Net Position, which is the difference between revenues and expenses. However, the format of this statement departs from a more traditional "revenues less expenses equals change in Net Position" format you may see in the private sector.

Generally, private sector goals are to generate income, or simply put, maximize revenues. As such, private sector operating statements present revenues first. Expenses, which reduce revenues, are presented next as a deduction against those revenues.

Public sector goals are different in that servicing the needs of the citizens, or spending, is what drives the financial activities and dictates the level of resources that are required to be raised.

In the County's Statement of Activities, resources used to fund service activities are identified as either program revenues (resources obtained from outside the County, such as fees, charges for services, grants and restricted interest) or general revenues (all non-program revenues, including

PREBLE COUNTY, OHIO  
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taxes). Preble County operations have also been classified into distinct governmental or business-type service activities. These activities are reported in a format that allows the reader to see the extent to which each activity is supported or self-financed by program revenues or draws on the general resources of the County. The Statement of Activities is therefore useful in assessing the level of self-sufficiency of the various governmental or business-type activities versus management established performance benchmarks.

The government-wide financial statements begin on page 17 of this report.

### Fund Financial Statements

A fund is an accounting term referring to a segregated group of accounts used to account for and to assist with the management of financial resources received. Various funds may be established to account for specific activities or objectives of the County, and to demonstrate compliance with finance related legal requirements associated with those resources.

Fund financial statements report additional and more detailed information about the County with an emphasis on major funds. Major funds are those governmental or enterprise funds that have been determined to be the most significant based on a defined set of financial criteria, as well as any other funds deemed to be particularly important to readers because of public interest or to ensure consistency between years. Information is presented separately in the fund financial statements for each of the major funds. Information for all nonmajor funds is aggregated and presented in a separate column of the fund financial statements.

All funds of Preble County are classified into one of three fund categories: governmental, proprietary, or fiduciary.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements, but use a different measurement focus. Governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting, a short-term view focusing on the flow of monies into and out of the funds and the year-end balances available for near-future spending. This is in contrast to the government-wide financial statements that incorporate a longer-term focus. A reconciliation included in the governmental fund financial statements compares the governmental funds' information with the governmental activities' information as reported in the government-wide financial statements.

Most of the County's services are reported in governmental funds, the following of which are considered major funds: General, Motor Vehicle and Gas Tax, Human Services, Community Mental Health, Developmental Disabilities, and Coronavirus Relief. The basic governmental fund financial statements begin on page 20 of this report.

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*Proprietary Funds.* The County uses proprietary funds. Since the proprietary fund financial statements are prepared using the same measurement focus and basis of accounting as the government-wide financial statements, they provide the same type of information, only in greater detail.

Enterprise funds are used to account for the County's sewer and landfill operations, which are the business-type activities as reported in the government-wide financial statements. The basic proprietary fund financial statement begins on page 33 of this report.

*Fiduciary Funds.* Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for outside parties and are accounted for in a manner similar to proprietary funds. Fiduciary funds are not presented in the government-wide financial statements as their resources are not available to support the County's governmental or business-type activities. The fiduciary fund financial statements begin on page 38 of this report.

#### Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements, providing additional important disclosures essential for a complete understanding of the financial data reported in the government-wide and fund financial statements. The notes to the financial statements begin on page 40 of this report.

#### Summary

To summarize, the government-wide financial statements report the County's activities as a whole, using a longer-term, economic resources measurement focus while the fund financial statements report financial activities in more detail, with a shorter-term focus and emphasis on major funds. More simply, the primary focus of government-wide financial statements is demonstrating *operational accountability*, while the primary focus of fund financial statements is *fiscal accountability*. Preble County management believes these basic financial statements provide the reader with the best information yet available to assess the level of the County's fiscal and operational accountability, both near-term and long-term.

#### **THE COUNTY AS A WHOLE**

As stated previously, the Statement of Net Position looks at the County as a whole. Table 1 provides a summary of the County's Net Position for 2020 compared to 2019.

PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	Restated 2019	2020	Restated 2019	2020	Restated 2019
<b>Assets</b>						
Current and Other						
Assets	\$40,259,783	\$36,680,813	\$10,388,428	\$8,798,317	\$50,648,211	\$45,479,130
Net Pension Asset	189,093	107,599	6,099	3,627	195,192	111,226
Capital Assets	38,446,756	37,394,186	9,388,730	9,696,939	47,835,486	47,091,125
Total Assets	78,895,632	74,182,598	19,783,257	18,498,883	98,678,889	92,681,481
<b>Deferred Outflows of Resources</b>						
Pension	3,061,144	5,890,884	85,141	198,564	3,146,285	6,089,448
OPEB	2,036,388	760,277	57,695	25,627	2,094,083	785,904
Total Deferred Outflows of Resources	5,097,532	6,651,161	142,836	224,191	5,240,368	6,875,352
<b>Liabilities</b>						
Current Liabilities	5,349,828	2,777,695	2,672,618	3,019,359	8,022,446	5,797,054
Long-Term Liabilities						
Due Within One Year	106,730	100,715	134,242	145,499	240,972	246,214
Due in More Than One Year:						
Net Pension Liability	15,156,208	19,739,356	488,908	665,371	15,645,116	20,404,727
Net OPEB Liability	10,664,509	9,498,852	344,015	320,185	11,008,524	9,819,037
Other Amounts	358,820	520,813	8,378,927	8,018,026	8,737,747	8,538,839
Total Liabilities	31,636,095	32,637,431	12,018,710	12,168,440	43,654,805	44,805,871
<b>Deferred Inflows of Resources</b>						
Property Taxes	5,173,887	5,234,375	0	0	5,173,887	5,234,375
Pension	3,285,085	484,969	105,973	16,348	3,391,058	501,317
OPEB	1,541,596	152,902	49,761	5,153	1,591,357	158,055
Total Deferred Inflows of Resources	10,000,568	5,872,246	155,734	21,501	10,156,302	5,893,747
<b>Net Position</b>						
Net Investment in						
Capital Assets	38,386,756	37,279,186	5,496,377	5,264,935	43,883,133	42,544,121
Restricted	18,183,373	18,084,029	0	0	18,183,373	18,084,029
Unrestricted (Deficit)	(14,213,628)	(13,039,133)	2,255,272	1,268,198	(11,958,356)	(11,770,935)
Total Net Position	\$42,356,501	\$42,324,082	\$7,751,649	\$6,533,133	\$50,108,150	\$48,857,215

The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

#### Government-wide Financial Analysis

Total governmental assets increased \$4,713,034. Current and other assets increased \$3,578,970 due to an increase in cash and cash equivalents related to an increase in sales tax and intergovernmental revenues.

Total governmental liabilities decreased \$1,001,336, mostly due to a decrease in net pension liability of \$4,583,148. This decrease is related to the changes in assumptions for the discount rate from 3.96 percent to 3.16 percent. Total governmental net invested in capital assets increased \$1,107,570. This increase is mostly related to the completion of construction projects during the year.

Business-type Activities current and other assets increased \$1,590,111 due to an increase in charges for services in the Landfill fund. Business-type Activities unrestricted net position increased by \$987,074 as a result of charges for services at the landfill exceeding expenditures.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$4,631,729	\$4,527,137	\$4,159,203	\$4,036,648	\$8,790,932	\$8,563,785
Operating Grants, Contributions, and Interest	13,967,068	14,813,353	277,074	89,891	14,244,142	14,903,244
Capital Grants, Contributions, and Interest	841,303	1,532,826	0	0	841,303	1,532,826
<b>Total Program Revenues</b>	<b>19,440,100</b>	<b>20,873,316</b>	<b>4,436,277</b>	<b>4,126,539</b>	<b>23,876,377</b>	<b>24,999,855</b>
General Revenues:						
Property Taxes	6,017,695	6,555,487	0	0	6,017,695	6,555,487
Permissive Sales Tax	6,380,088	5,864,606	0	0	6,380,088	5,864,606
Other Local Taxes	28,131	0	0	0	28,131	0
Grants and Entitlements Not Restricted to Specific Programs	1,226,947	1,338,275	0	0	1,226,947	1,338,275
Interest	917,594	982,703	3,333	3,136	920,927	985,839
Other	1,377,751	1,397,527	36,457	32,366	1,414,208	1,429,893
<b>Total General Revenues</b>	<b>15,948,206</b>	<b>16,138,598</b>	<b>39,790</b>	<b>35,502</b>	<b>15,987,996</b>	<b>16,174,100</b>
<b>Total Revenues</b>	<b>35,388,306</b>	<b>37,011,914</b>	<b>4,476,067</b>	<b>4,162,041</b>	<b>39,864,373</b>	<b>41,173,955</b>
<b>Program Expenses</b>						
General Government						
Legislative and Executive	5,135,184	4,735,836	0	0	5,135,184	4,735,836
Judicial	2,724,000	2,830,096	0	0	2,724,000	2,830,096
Intergovernmental	125,806	82,701	0	0	125,806	82,701
Public Safety	7,821,803	8,039,700	0	0	7,821,803	8,039,700
Public Works	5,005,553	4,780,917	0	0	5,005,553	4,780,917
Health	2,053,147	2,094,925	0	0	2,053,147	2,094,925
Human Services	12,001,153	10,683,302	0	0	12,001,153	10,683,302
Community and Economic Development	488,678	714,574	0	0	488,678	714,574
Interest and Fiscal Charges	563	7,361	0	0	563	7,361
Sewer	0	0	585,148	187,751	585,148	187,751
Landfill	0	0	2,672,403	2,574,240	2,672,403	2,574,240
<b>Total Expenses</b>	<b>35,355,887</b>	<b>33,969,412</b>	<b>3,257,551</b>	<b>2,761,991</b>	<b>38,613,438</b>	<b>36,731,403</b>
<b>Change in Net Position</b>	<b>32,419</b>	<b>3,042,502</b>	<b>1,218,516</b>	<b>1,400,050</b>	<b>1,250,935</b>	<b>4,442,552</b>
Restatement	0	517,701	0	0	0	517,701
<b>Beginning Net Position</b>	<b>42,324,082</b>	<b>38,763,879</b>	<b>6,533,133</b>	<b>5,133,083</b>	<b>48,857,215</b>	<b>43,896,962</b>
<b>Net Position End of Year</b>	<b>\$42,356,501</b>	<b>\$42,324,082</b>	<b>\$7,751,649</b>	<b>\$6,533,133</b>	<b>\$50,108,150</b>	<b>\$48,857,215</b>



PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
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Governmental Activities

The County's largest revenue source is Operating Grants, Contributions and Interest. These monies are mostly received from both the State and federal government, as well as State aid (i.e. motor vehicle and gas tax monies). Property Tax and Sales Tax together is the second largest revenue stream of the County.

Total program revenues decreased from the prior year by \$1,433,216, the majority of the decrease is related to a decrease in the operating grants, contribution and interest of \$846,285. The County received less State funding for human services during 2020 than in the previous year. Permissive Sales Tax increased over the prior year by \$515,482, due mainly to an increase in consumer purchasing from the prior year.

Overall expenses increased \$1,386,475. The increase is primarily due to a change in assumptions related to the pension and OPEB retirement system.

Business-type Activities

The County's sewer and landfill system operations constitute the only business-type activities. Total revenues increased \$314,026 while expenses increased \$495,560 for the business-type activities. The increase in expenses is due to the landfill post-closure cost increasing due to the landfill opening up new ground for use.

**FUND ANALYSIS**

As mentioned above, various funds have been established to account for specific County activities or objectives. A summary of the most significant fiscal activity in the County's funds follows.

*Governmental funds:* The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unrestricted fund balance may serve as a useful measure of the County's net resources available for spending at the end of the year. At the end of 2020, the County's governmental funds reported combined ending fund balances of \$27,686,865. Approximately 59 percent of this total amount constitutes restricted fund balance.

The General Fund is the chief operating fund of the County. At the end of the current year, fund balance of the General Fund was \$11,151,290, an increase of \$1,062,201. The increase is due to an increase in permissive sales tax related to an increase in consumer purchasing over the prior year.

The Motor Vehicle and Gas Tax Fund saw an immaterial increase of \$129,811. Intergovernmental revenue increased due to motor vehicle and gas tax revenue received from the State, leaving a balance of \$2,979,811.



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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The Human Services Fund decreased by \$223,806 due to a decrease in transfers in from the general fund.

The Community Mental Health Fund increased by \$344,939 to \$1,354,432 due to an increase in state grants.

The Coronavirus Relief Fund balance did not change due to revenues and expenses being equal.

The Developmental Disabilities Fund expenditures exceeded revenues, decreasing the year-end fund balance by \$260,746. The decrease is related to the ending of a twenty year property tax levy.

*Proprietary Funds:* The proprietary funds' financial statements provide the same information as seen in the government-wide financial statements only in more detail. A summary of financial activity occurring in the Sewer and Landfill Enterprise Funds follows.

The sewer operations within the County are small, taking in only \$151,383 in user charges during 2020. Net position decreased by \$156,691 during 2020, ending with a fund net position of \$1,228,622.

Net position for the County-owned landfill had an increase of \$1,375,207 leading to a fund net position of \$6,523,027. The increase in net position is due to an increase in user charges while overall expenditures remained about the same.

## **GENERAL FUND BUDGET ANALYSIS**

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 at the object level (personal services, materials and supplies, contractual services, capital purchases, and other). Before the budget is adopted the County Commissioners review detailed budget worksheets of each function within the General Fund and then adopt the budget on an object level basis.

During the year, the General Fund's budgeted revenues saw almost no change from original to final, with a decrease of \$5,495. The County used a conservative approach in estimating revenues for the year and made changes during the year to more closely reflect actual receipts. This conservative approach is noticeable when you compare actual revenues to final budgeted revenues. The actual revenues exceeded budget revenues by almost 13 percent. The largest increase in revenue was in permissive sales tax, and charges for services.

During 2020, there were numerous revisions to the General Fund's budgeted expenditures. The net effect of the revisions was an immaterial increase in budgeted expenditures of \$217,660. By monitoring expenditures, the County was able to keep actual expenditures below final budgeted expenditures by \$2,283,303.

PREBLE COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
UNAUDITED

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets

Preble County's total investment in capital assets for governmental and business-type activities (net of accumulated depreciation) amounts to \$38,446,756 and \$9,388,730, respectively. Activity during the year resulted in an increase of \$1,052,570 in governmental and a decrease of \$308,209 in business-type compared to 2019. The increase in governmental assets is due to the completion of projects that were previously construction in progress. The decrease in business-type activities is related to depreciation exceeding additions for the year.

See Note 11 of the notes to the basic financial statements for more detailed information.

Debt

At December 31, 2020, Preble County governmental activities had long-term General Obligation Bonds outstanding in the amount of \$60,000. Business-type activities had debt obligations at year-end consisting of a short-term Landfill Bond Anticipation Note in the amount of \$2,487,414, including premium of \$17,414 and long-term obligations of an Ohio Water Development Authority (OWDA) loan, and Ohio Public Works Commission (OPWC) loans in the amount of \$1,422,353.

See Notes 17 and 18 of the notes to the basic financial statements for more detailed information.

**CONTACTING THE COUNTY AUDITOR'S OFFICE**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Preble County Auditor, 101 East Main Street, Eaton, Ohio 45320.

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## **Basic Financial Statements**

PREBLE COUNTY, OHIO  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$28,540,565	\$6,759,665	\$35,300,230
Cash and Cash Equivalents in Segregated Accounts	635,597	0	635,597
Cash and Cash Equivalents with Trustee	0	3,530,334	3,530,334
Accrued Interest Receivable	65,266	0	65,266
Accounts Receivable	124,053	436,313	560,366
Permissive Sales Tax Receivable	1,097,642	0	1,097,642
Due from Other Governments	3,585,331	0	3,585,331
Internal Balances	339,663	(339,663)	0
Prepaid Items	27,650	0	27,650
Materials and Supplies Inventory	101,886	1,779	103,665
Property Taxes Receivable	5,633,578	0	5,633,578
Special Assessments Receivable	108,552	0	108,552
Net Pension Asset	189,093	6,099	195,192
Nondepreciable Capital Assets	2,346,778	452,313	2,799,091
Depreciable Capital Assets, Net	36,099,978	8,936,417	45,036,395
<b>Total Assets</b>	<b>78,895,632</b>	<b>19,783,257</b>	<b>98,678,889</b>
<b>Deferred Outflows of Resources:</b>			
Pension	3,061,144	85,141	3,146,285
OPEB	2,036,388	57,695	2,094,083
<b>Total Deferred Outflows of Resources</b>	<b>5,097,532</b>	<b>142,836</b>	<b>5,240,368</b>
<b>Liabilities:</b>			
Accounts Payable	734,191	54,549	788,740
Accrued Salaries Payable	1,173,706	46,083	1,219,789
Payroll Taxes and Withholdings	310,658	10,322	320,980
Matured Compensated Absences Payable	2,021	0	2,021
Accrued Vacation Leave Payable	660,109	22,154	682,263
Due to Other Governments	550,646	27,871	578,517
Accrued Interest Payable	220	24,225	24,445
Unearned Revenue	1,918,277	0	1,918,277
Notes Payable	0	2,487,414	2,487,414
Long-Term Liabilities:			
Due Within One Year	106,730	134,242	240,972
Due in More Than One Year:			
Net Pension Liability	15,156,208	488,908	15,645,116
Net OPEB Liability	10,664,509	344,015	11,008,524
Other Amounts	358,820	8,378,927	8,737,747
<b>Total Liabilities</b>	<b>31,636,095</b>	<b>12,018,710</b>	<b>43,654,805</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	5,173,887	0	5,173,887
Pension	3,285,085	105,973	3,391,058
OPEB	1,541,596	49,761	1,591,357
<b>Total Deferred Inflows of Resources</b>	<b>10,000,568</b>	<b>155,734</b>	<b>10,156,302</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	38,386,756	5,496,377	43,883,133
Restricted for:			
Human Services	912,093	0	912,093
Mental Health Services	7,850,123	0	7,850,123
Public Works	378,748	0	378,748
Road Maintenance and Repair	4,167,615	0	4,167,615
Community and Economic Development	627,607	0	627,607
Public Safety	2,078,760	0	2,078,760
Real Estate Assessments	2,124,279	0	2,124,279
Other Health Services	20,297	0	20,297
Legislative and Executive	23,851	0	23,851
Unrestricted (Deficit)	(14,213,628)	2,255,272	(11,958,356)
<b>Total Net Position</b>	<b>\$42,356,501</b>	<b>\$7,751,649</b>	<b>\$50,108,150</b>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$5,135,184	\$1,368,776	\$98,316	\$0
Judicial	2,724,000	1,049,985	185,411	0
Intergovernmental	125,806	0	0	0
Public Safety	7,821,803	1,410,495	906,417	0
Public Works	5,005,553	360,030	4,781,564	670,688
Health	2,053,147	231,821	1,484,283	0
Human Services	12,001,153	210,622	6,295,122	0
Community and Economic Development	488,678	0	215,955	170,615
Interest and Fiscal Charges	563	0	0	0
	<u>35,355,887</u>	<u>4,631,729</u>	<u>13,967,068</u>	<u>841,303</u>
<b>Business-Type Activities:</b>				
Sewer	585,148	151,383	277,074	0
Landfill	2,672,403	4,007,820	0	0
	<u>3,257,551</u>	<u>4,159,203</u>	<u>277,074</u>	<u>0</u>
Total Business-Type Activities	<u>3,257,551</u>	<u>4,159,203</u>	<u>277,074</u>	<u>0</u>
Total Primary Government	<u>\$38,613,438</u>	<u>\$8,790,932</u>	<u>\$14,244,142</u>	<u>\$841,303</u>

**General Revenues:**

Property Taxes Levied for:

General Purposes

Community Mental Health

Developmental Disabilities

Other Legislative and Executive

Children Services

Disaster Services

Senior Citizens Services

Permissive Sales Tax Levied for General Purposes

Other Local Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Other

Total General Revenues

Change in Net Position

Net Position at Beginning of Year - Restated (See Note 3)

Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expenses) Revenues and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$3,668,092)	\$0	(\$3,668,092)
(1,488,604)	0	(1,488,604)
(125,806)	0	(125,806)
(5,504,891)	0	(5,504,891)
806,729	0	806,729
(337,043)	0	(337,043)
(5,495,409)	0	(5,495,409)
(102,108)	0	(102,108)
(563)	0	(563)
<u>(15,915,787)</u>	<u>0</u>	<u>(15,915,787)</u>
0	(156,691)	(156,691)
<u>0</u>	<u>1,335,417</u>	<u>1,335,417</u>
<u>0</u>	<u>1,178,726</u>	<u>1,178,726</u>
<u>(15,915,787)</u>	<u>1,178,726</u>	<u>(14,737,061)</u>
2,296,866	0	2,296,866
600,795	0	600,795
1,624,378	0	1,624,378
73,594	0	73,594
702,037	0	702,037
21,027	0	21,027
698,998	0	698,998
6,380,088	0	6,380,088
28,131	0	28,131
1,226,947	0	1,226,947
917,594	3,333	920,927
<u>1,377,751</u>	<u>36,457</u>	<u>1,414,208</u>
<u>15,948,206</u>	<u>39,790</u>	<u>15,987,996</u>
32,419	1,218,516	1,250,935
<u>42,324,082</u>	<u>6,533,133</u>	<u>48,857,215</u>
<u>\$42,356,501</u>	<u>\$7,751,649</u>	<u>\$50,108,150</u>

PREBLE COUNTY, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020

	General Fund	Motor Vehicle and Gas Tax Fund	Human Services Fund
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$9,844,087	\$2,410,596	\$377,621
Cash and Cash Equivalents in Segregated Accounts	255,485	0	0
Receivables:			
Permissive Sales Tax	1,097,642	0	0
Property Taxes	1,972,384	0	0
Accounts	89,595	0	229
Special Assessments	0	0	0
Accrued Interest	65,266	0	0
Interfund	613,724	0	0
Due From Other Governments	563,521	2,051,085	219,215
Materials and Supplies Inventory	12,497	82,178	7,211
Prepaid Items	17,420	6,887	3,343
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	46,286	0	0
Total Assets	<u>\$14,577,907</u>	<u>\$4,550,746</u>	<u>\$607,619</u>
<b>Liabilities:</b>			
Accounts Payable	\$79,470	\$5,274	\$116,026
Accrued Salaries Payable	609,184	162,545	188,337
Payroll Taxes and Withholdings	179,911	38,097	41,787
Matured Compensated Absences Payable	2,021	0	0
Due to Other Governments	230,419	43,988	132,645
Interfund Payable	0	0	0
Unearned Revenue	0	0	0
Total Liabilities	<u>1,101,005</u>	<u>249,904</u>	<u>478,795</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	1,790,708	0	0
Unavailable Revenue	534,904	1,321,031	133,979
Total Deferred Inflows of Resources	<u>2,325,612</u>	<u>1,321,031</u>	<u>133,979</u>
<b>Fund Balances:</b>			
Nonspendable	76,203	89,065	10,554
Restricted	0	2,890,746	0
Assigned	2,864,957	0	0
Unassigned (Deficit)	8,210,130	0	(15,709)
Total Fund Balances (Deficits)	<u>11,151,290</u>	<u>2,979,811</u>	<u>(5,155)</u>
Total Deferred Inflows of Resources, Liabilities and Fund Balances	<u>\$14,577,907</u>	<u>\$4,550,746</u>	<u>\$607,619</u>

See Accompanying Notes to the Basic Financial Statements



<u>Community Mental Health Fund</u>	<u>Developmental Disabilities Fund</u>	<u>Coronavirus Relief Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$1,411,758	\$6,379,647	\$2,009,003	\$6,061,567	\$28,494,279
0	0	0	380,112	635,597
0	0	0	0	1,097,642
623,040	1,728,161	0	1,309,993	5,633,578
300	0	0	33,929	124,053
0	0	0	108,552	108,552
0	0	0	0	65,266
0	0	0	0	613,724
84,002	186,259	0	481,249	3,585,331
0	0	0	0	101,886
0	0	0	0	27,650
0	0		0	46,286
<u>\$2,119,100</u>	<u>\$8,294,067</u>	<u>\$2,009,003</u>	<u>\$8,375,402</u>	<u>\$40,533,844</u>
\$60,001	\$13,624	\$90,726	\$369,070	\$734,191
18,403	77,936	0	117,301	1,173,706
0	36,603	0	14,260	310,658
0	0	0	0	2,021
50,902	53,012	0	39,680	550,646
0	0	0	274,061	274,061
0	0	1,918,277	0	1,918,277
<u>129,306</u>	<u>181,175</u>	<u>2,009,003</u>	<u>814,372</u>	<u>4,963,560</u>
580,894	1,603,662	0	1,198,623	5,173,887
54,468	266,985	0	398,165	2,709,532
<u>635,362</u>	<u>1,870,647</u>	<u>0</u>	<u>1,596,788</u>	<u>7,883,419</u>
0	0	0	0	175,822
1,354,432	6,242,245	0	5,921,065	16,408,488
0	0	0	43,177	2,908,134
0	0	0	0	8,194,421
<u>1,354,432</u>	<u>6,242,245</u>	<u>0</u>	<u>5,964,242</u>	<u>27,686,865</u>
<u>\$2,119,100</u>	<u>\$8,294,067</u>	<u>\$2,009,003</u>	<u>\$8,375,402</u>	<u>\$40,533,844</u>

PREBLE COUNTY, OHIO  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2020

**Total Governmental Fund Balance** \$27,686,865

*Amounts reported for governmental activities in the  
Statement of Net Position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	2,346,778
Buildings, Structures, and Improvements	13,030,300
Furniture, Fixtures, and Equipment	13,853,479
Infrastructure	39,204,688
Accumulated Depreciation	<u>(29,988,489)</u>

Total Capital Assets 38,446,756

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds:

Property and Other Taxes	459,691
Intergovernmental	2,102,336
Special Assessments	108,552
Interest	<u>38,953</u>

Total 2,709,532

In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (220)

The net pension liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the governmental funds:

Net Pension Asset	189,093
Deferred Outflows - Pension	3,061,144
Deferred Outflows - OPEB	2,036,388
Net Pension Liability	(15,156,208)
Net OPEB Liability	(10,664,509)
Deferred Inflows - Pension	(3,285,085)
Deferred Inflows - OPEB	<u>(1,541,596)</u>

Total (25,360,773)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General Obligation Bonds	(60,000)
Vacation Leave Payable	(660,109)
Compensated Absences	<u>(405,550)</u>

Total (1,125,659)

*Net Position of Governmental Activities* \$42,356,501

See Accompanying Notes to the Basic Financial Statements

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PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Motor Vehicle and Gas Tax Fund	Human Services Fund	Community Mental Health Fund
<b>Revenues:</b>				
Property Taxes	\$2,256,307	\$0	\$0	\$574,278
Permissive Sales Tax	6,380,088	0	0	0
Other Local Taxes	0	0	0	0
Charges for Services	2,403,913	225,182	19,059	178,365
Licenses and Permits	2,146	0	0	0
Fines and Forfeitures	184,095	29,205	0	0
Intergovernmental	1,235,727	5,025,903	2,618,200	1,788,581
Special Assessments	0	0	0	0
Interest	937,816	127,416	0	0
Gifts and Donations	0	0	0	0
Other	443,455	35,957	731,777	7,614
<b>Total Receipts</b>	<b>13,843,547</b>	<b>5,443,663</b>	<b>3,369,036</b>	<b>2,548,838</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	4,287,181	0	0	0
Judicial	2,005,187	0	0	0
Intergovernmental	125,806	0	0	0
Public Safety	5,580,402	0	0	0
Public Works	0	5,379,312	0	0
Health	92,616	0	0	1,829,687
Human Services	356,717	0	3,601,507	374,491
Community and Economic Development	151,197	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Disbursements</b>	<b>12,599,106</b>	<b>5,379,312</b>	<b>3,601,507</b>	<b>2,204,178</b>
Excess of Revenues Over (Under) Expenditures	1,244,441	64,351	(232,471)	344,660
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	65,460	71,275	279
Transfers Out	(182,240)	0	(62,610)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(182,240)</b>	<b>65,460</b>	<b>8,665</b>	<b>279</b>
Net Change in Fund Balances	1,062,201	129,811	(223,806)	344,939
Fund Balances at Beginning of Year - Restated (See Note 3)	10,089,089	2,850,000	218,651	1,009,493
Fund Balances (Deficits) at End of Year	\$11,151,290	\$2,979,811	(\$5,155)	\$1,354,432

See Accompanying Notes to the Basic Financial Statements

Developmental Disabilities Fund	Coronavirus Relief Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$1,697,021	\$0	\$1,466,961	\$5,994,567
0	0	0	6,380,088
0	0	28,131	28,131
0	0	1,202,253	4,028,772
0	0	134,600	136,746
0	0	158,753	372,053
547,875	559,902	4,367,874	16,144,062
0	0	100,660	100,660
0	707	575	1,066,514
0	0	200	200
135,039	0	23,909	1,377,751
<u>2,379,935</u>	<u>560,609</u>	<u>7,483,916</u>	<u>35,629,544</u>
0	0	643,423	4,930,604
0	0	371,716	2,376,903
0	0	0	125,806
0	344,654	951,426	6,876,482
0	0	217,908	5,597,220
0	0	80,682	2,002,985
2,640,681	0	4,335,170	11,308,566
0	215,955	118,622	485,774
0	0	484,475	484,475
0	0	55,000	55,000
0	0	5,117	5,117
<u>2,640,681</u>	<u>560,609</u>	<u>7,263,539</u>	<u>34,248,932</u>
<u>(260,746)</u>	<u>0</u>	<u>220,377</u>	<u>1,380,612</u>
0	0	107,836	244,850
0	0	0	(244,850)
<u>0</u>	<u>0</u>	<u>107,836</u>	<u>0</u>
(260,746)	0	328,213	1,380,612
<u>6,502,991</u>	<u>0</u>	<u>5,636,029</u>	<u>26,306,253</u>
<u>\$6,242,245</u>	<u>\$0</u>	<u>\$5,964,242</u>	<u>\$27,686,865</u>

PREBLE COUNTY, OHIO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$1,380,612

*Amounts reported for governmental activities in the  
Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	2,889,103	
Depreciation	<u>(1,791,258)</u>	
Excess of Capital Outlay over Depreciation Expense		1,097,845

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

Loss on Disposal of Capital Assets		(45,275)
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Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these consist of:

General Obligation Bonds		55,000
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Amortization of bond premiums and the deferred charge on the refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as expenses over the life of the debt in the Statement of Activities:

Decrease in Accrued Interest		4,554
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Some revenues that will not be collected for several months after the County's year-end are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this year:

Property Taxes	23,128	
Charges for Services	(11,510)	
Intergovernmental	(237,642)	
Special Assessments	5,008	
Interest	<u>(20,222)</u>	
Total		(241,238)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	1,604,635	
OPEB	<u>18,704</u>	
Total		1,623,339

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability (asset) are reported as pension expense in the Statement of Activities.

Pension	(2,569,849)	
OPEB	<u>(1,296,944)</u>	
Total		(3,866,793)

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

Decrease in Compensated Absences	100,978	
Increase in Accrued Vacation Leave	<u>(76,603)</u>	
Total		<u>24,375</u>

*Change in Net Position of Governmental Activities* \$32,419

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$2,200,000	\$2,202,200	\$2,179,419	(\$22,781)
Permissive Sales Tax	5,504,580	5,500,000	6,285,930	785,930
Charges for Services	1,799,867	1,798,370	2,124,629	326,259
Licenses and Permits	1,796	1,795	2,146	351
Fines and Forfeitures	28,123	28,100	35,140	7,040
Intergovernmental	1,251,041	1,250,000	1,227,026	(22,974)
Interest	426,032	425,678	571,647	145,969
Other	209,452	209,253	442,009	232,756
<b>Total Revenues</b>	<b>11,420,891</b>	<b>11,415,396</b>	<b>12,867,946</b>	<b>1,452,550</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	5,650,589	5,738,321	4,189,167	1,549,154
Judicial	2,095,859	2,128,400	1,740,107	388,293
Public Safety	5,453,263	5,537,932	5,292,068	245,864
Health	91,874	93,300	92,616	684
Human Services	454,370	461,425	362,248	99,177
Community and Economic Development	148,885	151,197	151,197	0
Intergovernmental	124,012	125,937	125,806	131
<b>Total Expenditures</b>	<b>14,018,852</b>	<b>14,236,512</b>	<b>11,953,209</b>	<b>2,283,303</b>
Excess of Revenues Over (Under) Expenditures	(2,597,961)	(2,821,116)	914,737	3,735,853
<b>Other Financing Sources (Uses):</b>				
Advances Out	0	0	(267,500)	(267,500)
Transfers Out	(416,939)	(423,413)	(182,240)	241,173
<b>Total Other Financing Sources (Uses)</b>	<b>(416,939)</b>	<b>(423,413)</b>	<b>(449,740)</b>	<b>(26,327)</b>
Net Change in Fund Balance	(3,014,900)	(3,244,529)	464,997	3,709,526
Fund Balance at Beginning of Year	7,688,575	7,688,575	7,688,575	0
Fund Balance at End of Year	<u>\$4,673,675</u>	<u>\$4,444,046</u>	<u>\$8,153,572</u>	<u>\$3,709,526</u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
MOTOR VEHICLE AND GAS TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for Services	\$240,000	\$240,000	\$269,606	\$29,606
Fines and Forfeitures	20,000	20,000	27,481	7,481
Intergovernmental	5,450,000	5,450,000	5,080,385	(369,615)
Interest	10,000	10,000	130,390	120,390
Other	<u>0</u>	<u>0</u>	<u>35,957</u>	<u>35,957</u>
Total Revenues	<u>5,720,000</u>	<u>5,720,000</u>	<u>5,543,819</u>	<u>(176,181)</u>
<b>Expenditures:</b>				
Current:				
Public Works	<u>6,718,262</u>	<u>6,828,262</u>	<u>5,262,779</u>	<u>1,565,483</u>
Excess of Revenues Over (Under) Expenditures	(998,262)	(1,108,262)	281,040	1,389,302
<b>Other Financing Sources:</b>				
Transfers In	<u>64,509</u>	<u>64,509</u>	<u>65,460</u>	<u>951</u>
Net Change in Fund Balance	(933,753)	(1,043,753)	346,500	1,390,253
Fund Balance at Beginning of Year	<u>2,001,463</u>	<u>2,001,463</u>	<u>2,001,463</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,067,710</u></u>	<u><u>\$957,710</u></u>	<u><u>\$2,347,963</u></u>	<u><u>\$1,390,253</u></u>

See Accompanying Notes to the Basic Financial Statements



PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
HUMAN SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for Services	\$50,526	\$47,000	\$18,961	(\$28,039)
Intergovernmental	3,110,493	2,893,406	2,693,522	(199,884)
Other	<u>289,712</u>	<u>600,935</u>	<u>731,777</u>	<u>130,842</u>
Total Revenues	3,450,731	3,541,341	3,444,260	(97,081)
<b>Expenditures:</b>				
Current:				
Human Services	<u>4,259,253</u>	<u>4,328,706</u>	<u>3,360,978</u>	<u>967,728</u>
Excess of Revenues Over (Under) Expenditures	<u>(808,522)</u>	<u>(787,365)</u>	<u>83,282</u>	<u>870,647</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,061,851	987,742	71,275	(916,467)
Transfers Out	<u>(61,605)</u>	<u>(62,610)</u>	<u>(62,610)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>1,000,246</u>	<u>925,132</u>	<u>8,665</u>	<u>(916,467)</u>
Net Change in Fund Balance	191,724	137,767	91,947	(45,820)
Fund Balance at Beginning of Year	<u>243,887</u>	<u>243,887</u>	<u>243,887</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$435,611</u></u>	<u><u>\$381,654</u></u>	<u><u>\$335,834</u></u>	<u><u>(\$45,820)</u></u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
COMMUNITY MENTAL HEALTH FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$599,850	\$608,350	\$556,429	(\$51,921)
Charges for Services	33,589	33,451	179,871	146,420
Intergovernmental	1,663,345	1,656,529	1,718,089	61,560
Other	376,543	375,000	7,614	(367,386)
Total Revenues	<u>2,673,327</u>	<u>2,673,330</u>	<u>2,462,003</u>	<u>(211,327)</u>
<b>Expenditures:</b>				
Current:				
Health	2,085,466	2,324,893	1,813,651	511,242
Human Services	494,562	552,135	382,628	169,507
Total Expenditures	<u>2,580,028</u>	<u>2,877,028</u>	<u>2,196,279</u>	<u>680,749</u>
Excess of Revenues Over (Under) Expenditures	93,299	(203,698)	265,724	469,422
<b>Other Financing Sources:</b>				
Transfers In	703	700	279	(421)
Net Change in Fund Balance	94,002	(202,998)	266,003	469,001
Fund Balance at Beginning of Year	<u>1,116,743</u>	<u>1,116,743</u>	<u>1,116,743</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,210,745</u></u>	<u><u>\$913,745</u></u>	<u><u>\$1,382,746</u></u>	<u><u>\$469,001</u></u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
DEVELOPMENTAL DISABILITIES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$1,647,477	\$1,649,222	\$1,641,927	(\$7,295)
Intergovernmental	468,442	467,054	521,594	54,540
Other	120,357	120,000	135,039	15,039
Total Revenues	2,236,276	2,236,276	2,298,560	62,284
<b>Expenditures:</b>				
Current:				
Human Services	4,149,358	4,149,358	2,534,757	1,614,601
Net Change in Fund Balance	(1,913,082)	(1,913,082)	(236,197)	1,676,885
Fund Balance at Beginning of Year	6,356,009	6,356,009	6,356,009	0
Fund Balance at End of Year	<u>\$4,442,927</u>	<u>\$4,442,927</u>	<u>\$6,119,812</u>	<u>\$1,676,885</u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
CORONAVIRUS RELIEF FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$0	\$2,478,179	\$2,478,179	\$0
Interest	0	243	502	259
Other	0	10,000	0	(10,000)
Total Revenues	<u>0</u>	<u>2,488,422</u>	<u>2,478,681</u>	<u>(9,741)</u>
<b>Expenditures:</b>				
Current:				
Public Safety	0	2,063,422	253,928	1,809,494
Community and Economic Development	0	425,000	215,955	209,045
Total Expenditures	<u>0</u>	<u>2,488,422</u>	<u>469,883</u>	<u>2,018,539</u>
Net Change in Fund Balance	0	0	2,008,798	2,008,798
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$2,008,798</u>	<u>\$2,008,798</u>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF FUND NET POSITION  
ENTERPRISE FUNDS  
DECEMBER 31, 2020

	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$481,472	\$6,278,193	\$6,759,665
Materials and Supplies	0	1,779	1,779
Accounts Receivable	101,919	334,394	436,313
<b>Total Current Assets</b>	<b>583,391</b>	<b>6,614,366</b>	<b>7,197,757</b>
Non-current Assets:			
Restricted Assets:			
Cash and Cash Equivalents with Trustee	0	3,530,334	3,530,334
Net Pension Asset	0	6,099	6,099
Nondepreciable Capital Assets	0	452,313	452,313
Depreciable Capital Assets, Net	1,509,989	7,426,428	8,936,417
<b>Total Non-current Assets</b>	<b>1,509,989</b>	<b>11,415,174</b>	<b>12,925,163</b>
<b>Total Assets</b>	<b>2,093,380</b>	<b>18,029,540</b>	<b>20,122,920</b>
<b>Deferred Outflows of Resources:</b>			
Pension	0	85,141	85,141
OPEB	0	57,695	57,695
<b>Total Deferred Outflows of Resources</b>	<b>0</b>	<b>142,836</b>	<b>142,836</b>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	768	53,781	54,549
Compensated Absences Payable	0	4,354	4,354
Accrued Salaries Payable	0	46,083	46,083
Payroll Taxes and Withholdings	0	10,322	10,322
Accrued Vacation Leave Payable	0	22,154	22,154
Due to Other Governments	1,974	25,897	27,871
Interfund Payable	339,663	0	339,663
Accrued Interest Payable	0	24,225	24,225
Notes Payable	0	2,487,414	2,487,414
OWDA Loans Payable	40,498	0	40,498
OPWC Loans Payable	14,390	75,000	89,390
<b>Total Current Liabilities</b>	<b>397,293</b>	<b>2,749,230</b>	<b>3,146,523</b>
Long-Term Liabilities:			
OWDA Loans Payable	182,236	0	182,236
OPWC Loans Payable	285,229	825,000	1,110,229
Compensated Absences Payable	0	8,177	8,177
Landfill Closure and Postclosure Costs	0	7,078,285	7,078,285
Net Pension Liability	0	488,908	488,908
Net OPEB Liability	0	344,015	344,015
<b>Total Long-Term Liabilities</b>	<b>467,465</b>	<b>8,744,385</b>	<b>9,211,850</b>
<b>Total Liabilities</b>	<b>864,758</b>	<b>11,493,615</b>	<b>12,358,373</b>
<b>Deferred Inflows of Resources:</b>			
Pension	0	105,973	105,973
OPEB	0	49,761	49,761
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>155,734</b>	<b>155,734</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	987,636	4,508,741	5,496,377
Unrestricted (Deficit)	240,986	2,014,286	2,255,272
<b>Total Net Position</b>	<b>\$1,228,622</b>	<b>\$6,523,027</b>	<b>\$7,751,649</b>

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for Services	\$151,383	\$4,007,820	\$4,159,203
Other	0	36,457	36,457
Total Operating Revenues	<u>151,383</u>	<u>4,044,277</u>	<u>4,195,660</u>
<b>Operating Expenses:</b>			
Personal Services	19,183	647,675	666,858
Materials and Supplies	4,056	117,232	121,288
Contractual Services	534,607	876,848	1,411,455
Depreciation	22,342	418,060	440,402
Closure and Postclosure Costs	0	473,343	473,343
Other	4,960	91,099	96,059
Total Operating Expenses	<u>585,148</u>	<u>2,624,257</u>	<u>3,209,405</u>
Operating Income (Loss)	<u>(433,765)</u>	<u>1,420,020</u>	<u>986,255</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest	0	3,333	3,333
Intergovernmental	277,074	0	277,074
Interest and Fiscal Charges	0	(48,146)	(48,146)
Total Non-Operating Revenues (Expenses)	<u>277,074</u>	<u>(44,813)</u>	<u>232,261</u>
Change in Net Position	(156,691)	1,375,207	1,218,516
Net Position at Beginning of Year	<u>1,385,313</u>	<u>5,147,820</u>	<u>6,533,133</u>
Net Position at End of Year	<u><u>\$1,228,622</u></u>	<u><u>\$6,523,027</u></u>	<u><u>\$7,751,649</u></u>

See Accompanying Notes to the Basic Financial Statements

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PREBLE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Total</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received From Customers	\$147,001	\$3,999,137	\$4,146,138
Cash Received From Other Operating Revenues	0	36,457	36,457
Cash Payments for Employee Services and Benefits	(19,183)	(552,602)	(571,785)
Cash Payments to Suppliers	(537,712)	(982,616)	(1,520,328)
Cash Payments for Other Operating Expenses	(4,960)	(91,099)	(96,059)
	<u>(414,854)</u>	<u>2,409,277</u>	<u>1,994,423</u>
Net Cash Provided by (Used for) Operating Activities			
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants	277,074	0	277,074
Advances In	267,500	0	267,500
	<u>544,574</u>	<u>0</u>	<u>544,574</u>
Net Cash Provided by for Noncapital Financing Activities			
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	0	(132,193)	(132,193)
Bond Anticipation Notes Proceeds	0	2,470,000	2,470,000
Bond Anticipation Notes Premium		17,414	17,414
Loan Principal Payments	(46,312)	(75,000)	(121,312)
Bond Anticipation Note Payments	0	(2,870,000)	(2,870,000)
Bond Anticipation Note Interest Payments	0	(70,095)	(70,095)
	<u>(46,312)</u>	<u>(659,874)</u>	<u>(706,186)</u>
Net Cash Used for Capital and Related Financing Activities			
<b>Cash Flows from Investing Activities:</b>			
Interest	0	3,333	3,333
	<u>0</u>	<u>3,333</u>	<u>3,333</u>
Net Increase in Cash and Cash Equivalents	83,408	1,752,736	1,836,144
Cash and Cash Equivalents at Beginning of Year	398,064	8,055,791	8,453,855
	<u>398,064</u>	<u>8,055,791</u>	<u>8,453,855</u>
Cash and Cash Equivalents at End of Year	<u>\$481,472</u>	<u>\$9,808,527</u>	<u>\$10,289,999</u>
			(continued)

See Accompanying Notes to the Basic Financial Statements



PREBLE COUNTY, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Enterprise Funds		
	Sewer Fund	Landfill Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	(\$433,765)	\$1,420,020	\$986,255
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	22,342	418,060	440,402
Landfill Closure and Postclosure Costs	0	473,343	473,343
Decrease (Increase) in Assets:			
Accounts Receivable	(4,382)	(8,683)	(13,065)
Materials and Supplies Inventory	0	1,078	1,078
Net Pension Asset	0	(887)	(887)
Deferred Outflows - Pension	0	104,934	104,934
Deferred Outflows - OPEB	0	50,264	50,264
Increase (Decrease) in Liabilities:			
Accounts Payable	255	14,909	15,164
Accrued Salaries Payable	0	27,943	27,943
Due to Other Governments	696	851	1,547
Compensated Absences Payable	0	(2,387)	(2,387)
Accrued Vacation Leave Payable	0	2,818	2,818
Payroll Taxes and Withholdings	0	842	842
Net Pension Liability	0	11,077	11,077
Net OPEB Liability	0	20,933	20,933
Deferred Inflows - Pension	0	(91,011)	(91,011)
Deferred Inflows - OPEB	0	(34,827)	(34,827)
Net Cash Provided by (Used for) Operating Activities	(\$414,854)	\$2,409,277	\$1,994,423

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
DECEMBER 31, 2020

	Custodial Funds
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,796,114
Cash and Cash Equivalents in Segregated Accounts	511,850
Receivables:	
Property Taxes	35,961,686
Accounts	13,486
Special Assessments	469,143
Due from Other Governments	2,138,895
Total Assets	41,891,174
<b>Liabilities:</b>	
Accounts Payable	266,297
Accrued Salaries Payable	97,057
Due to Other Governments	4,724,373
Payroll Taxes and Withholdings	23,089
Total Liabilities	5,110,816
<b>Deferred Inflows of Resources:</b>	
Property Taxes not Levied to Finance Current Year Operations	33,323,993
<b>Net Position:</b>	
Restricted for Individuals, Organizations and Other Governments	\$3,456,365

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

	Custodial Funds
<b>Additions:</b>	
Intergovernmental	\$8,309,018
Amounts Received as Fiscal Agent	2,291,705
Licenses and Permits and Fees for Other Governments	207,958
Fines and Forfeitures for Other Governments	6,214,521
Property Tax Collections for Other Governments	34,366,641
Special Assessment Collections for Other Governments	237,787
Miscellaneous	168
	51,627,798
<b>Total Additions</b>	<b>51,627,798</b>
<b>Deductions:</b>	
Distributions as Fiscal Agent	1,995,734
Distributions of State Funds to Other Governments	8,079,183
Distributions to the State of Ohio	5,941,123
Property Tax Distributions to Other Governments	33,591,029
Special Assessment Distributions to Other Governments	230,392
Licenses and Permits and Fees Distributions to Other Governments	5,033
Fines and Forfeitures Distributions to Other Governments	69,965
Distributions to Individuals	449,584
	50,362,043
<b>Total Deductions</b>	<b>50,362,043</b>
Change in Fiduciary Net Position	1,265,755
Net Position Beginning of Year - Restated (See Note 3)	2,190,610
	2,190,610
Net Position End of Year	\$3,456,365

See Accompanying Notes to the Basic Financial Statements

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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**Note 1 – Description of the County and Reporting Entity**

Preble County, Ohio (the “County”), was formed by an Act of the Ohio General Assembly in 1808. 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 that manage various segments of the County's operations are the Auditor, Treasurer, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Recorder, Sheriff, a Common Pleas Court-Domestic Relations Court Judge and a Juvenile Court-Probate 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 budgeting and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

**Reporting Entity**

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For the County, this includes the Preble County Board of Developmental Disabilities, the Preble County Community Development, the Children Services Board, and the departments and activities that are directly operated by the elected County officials. The County also operates and maintains a wastewater treatment system and landfill.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt or the levying of their taxes. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County. The County has no component units.

The County participates in six organizations, two of which are defined as related organizations, one is a joint venture, one is a jointly governed organization, one is a risk sharing pool, and one is a group purchasing pool. These organizations are presented in Notes 21, 22, 23, 24, and 25 of the basic financial statements. These organizations are:

Related Organizations:

Preble County Library Board  
Preble Metropolitan Housing Authority

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Joint Venture:

Preble County Emergency Management Agency

Jointly Governed Organization:

West Central Ohio Network

Risk Sharing Pool:

County Risk Sharing Authority, Inc.

Group Purchasing Pool:

County Commissioners' Association of Ohio Service Corporation

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of Preble County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

**Basis of Presentation**

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for the County's fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the County at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the County.

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Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. 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.

Fund Accounting

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the County: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

General Fund - This fund accounts for and reports 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.

Motor Vehicle and Gas Tax Fund - This fund is used to account for and report restricted revenues derived from motor vehicle licenses, gasoline taxes and interest. Expenditures in this fund are restricted by State law to County road and bridge repairs and improvement programs.

Human Services Fund - This fund is used to account for and report various restricted federal and State grants as well as mandated transfers from the General Fund used to provide public assistance to general relief recipients and to pay providers of medical assistance and certain public social services.

Community Mental Health Fund - This fund is used to account for and report restricted monies received from a County-wide property tax levy, and federal and State grants that are expended primarily to pay the cost of contracts with local mental health agencies that provide services to the public.

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Developmental Disabilities Fund - This fund is used to account for and report restricted monies received from a County-wide property tax levy and State grants and reimbursements used to provide services and care for citizens with developmental disabilities.

Coronavirus Relief Fund – This fund is used to account for and report monies received from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, whose use is restricted for local Coronavirus relief.

The nonmajor governmental funds of the County account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The County has two enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the County's major enterprise funds:

Sewer Fund - This fund is used to account for the provision of sanitary sewer service provided to residents and businesses of the County.

Landfill Fund - This fund is used to account for fees collected by the waste disposal department for the dumping of waste. The costs of providing the services are financed primarily through these fees and user charges.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's custodial funds account for assets held by the County for political subdivisions for 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.

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**Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (i.e. revenues) and decreases (i.e. expenses) in total net position. The Statement of Cash Flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined and



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“available” means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, sales tax, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from permissive sales tax is recognized in the period in which the sales occur. (See Note 9) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the County must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: permissive sales tax, charges for services, interest, federal and State subsidies and grants, and State-levied locally shared taxes.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide statement of net position for pension, and OPEB. Deferred outflows are also presented on the enterprise Statement of Net Position. The deferred outflows of resources related to pension and OPEB plans are explained in Note 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent a acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the County, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, other local taxes, intergovernmental grants, special assessments, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 22. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14).

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Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Cash and Cash Equivalents**

To improve cash management, cash received by the County, except cash held in segregated accounts or with a fiscal agent, is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the County's records. 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 by the County Treasurer are recorded on the financial statements as "Cash and Cash Equivalents in Segregated Accounts."

Cash and cash equivalents that are held in a trustee capacity for financial assurance of the landfill closure and postclosure care liabilities are recorded on the financial statements as "Restricted Assets: Cash and Cash Equivalents with Trustee."

During 2020, the County invested in STAR Ohio, a Money Market Mutual Fund, Commercial Paper, a Corporate Bond, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit Bureau Notes, Federal National Mortgage Association Notes, Municipal Bonds, Negotiable Certificates of Deposits, and a US Treasury Note. Exempt for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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Following Ohio statutes, the County has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2020 amounted to \$937,816 which includes \$760,715 assigned from other County funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported as cash equivalents on the financial statements.

**Interfund Balances**

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Receivables/Payable.” Interfund balances are eliminated on the government-wide Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

**Materials and Supplies Inventory**

Materials and supplies inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Materials and supplies inventory consists of expendable supplies held for consumption.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents held as unclaimed monies. Restricted assets in the enterprise funds represent cash and cash equivalents which have been set aside to satisfy the Ohio Environmental Protection Agency’s guidelines related to landfill closure and post-closure costs.

**Capital Assets**

General capital assets are capital assets that are associated with and generally arise from governmental activities. They generally result from disbursements in governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

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All capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement costs back to the year of acquisition) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The County maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings, Structures and Improvements	10-50 years
Furniture, Fixtures, and Equipment	5-20 years
Infrastructure, Sewer Lines, Manholes, Landfill Lines, and Landfill Improvements	10-50 years

The County's infrastructure system consists of guardrails, ditches, roads, bridges, sewer lines, manholes and landfill improvements. The County's governmental infrastructure consists only of assets acquired after June 30, 1980. Enterprise funds' infrastructure consists of assets acquired after January 1, 2005, the first year the County constructed the assets.

**Compensated Absences**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probably that the County will compensate the employees for the benefits through paid time off or some other means. The County records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service. These amounts are recorded in the account "Accrued Vacation Leave Payable" in the funds from which the employees will be paid.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the County has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end, taking into consideration any limits specified in the County's termination policy. The County records a liability for accumulated unused sick leave for all employees after 15 years of current service with the County.

In the Governmental Fund financial statements, the portion of the liability which is matured and payable is included as matured compensated absence liabilities are reported.

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**Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

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

**Fund Balance**

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the County include unclaimed monies, materials and supplies inventory and prepaids.

Restricted – The restricted fund balance classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors such as through debt covenants, grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commissioners change the specified use by taking the same type of action (resolution) it employed to commit these amounts. Committed fund balance also incorporates

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contractual obligations to the extent that existing resources in the fund have been committed for use in satisfying those contractual requirements.

Assigned – The assigned fund balance classification is intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County Official delegated that authority by resolution or State Statute. State statute authorizes the county auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The assigned fund balance for future appropriations in the General Fund represents 2021 appropriations that exceed estimated resources.

Unassigned – The unassigned fund balance classification is intended for the General Fund and includes all spendable amounts not contained in the other classifications. In nonmajor governmental funds, the unassigned fund balance classification is used only to report a deficit fund balance.

The County has not adopted a formal fund balance policy.

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

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating 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.

**Budgetary Process**

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on 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 amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of budgetary control is at the object level (personal services, materials and supplies, contractual services, capital purchases, and other) within each department and fund. Budgetary modifications may only be made by resolution of the County Commissioners.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year, including all supplemental appropriations.

**Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for sewer services and waste disposal. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of these funds. Revenues and expenses that do not meet these definitions are reported as non-operating.

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**Estimates**

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

**Note 3 – Change in Accounting Principles and Restatement of Net Position**

For 2020, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the County's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

For 2020, the County also implemented the Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. However, the implementation of GASB Statement No. 83 had no impact on net position as of December 31, 2019.

For 2020, the County also implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the County's financial statements.

**Restatement of Fund Balances and Net Position**

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2019:



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	General Fund	Motor Vehicle Gas Tax Fund	Human Services Fund	Community Mental Health Fund
Fund Balances, December 31, 2019	\$9,886,407	\$2,848,854	\$218,651	\$1,009,493
Adjustments:				
GASB Statement No. 84	<u>202,682</u>	<u>1,146</u>	<u>0</u>	<u>0</u>
Restated Fund Balances, December 31, 2019	<u>\$10,089,089</u>	<u>\$2,850,000</u>	<u>\$218,651</u>	<u>\$1,009,493</u>

	Developmental Disabilities Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances, December 31, 2019	\$6,502,991	\$5,413,313	\$25,879,709
Adjustments:			
GASB Statement No. 84	<u>0</u>	<u>222,716</u>	<u>426,544</u>
Restated Fund Balances, December 31, 2019	<u>\$6,502,991</u>	<u>\$5,636,029</u>	<u>\$26,306,253</u>

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2019:

	Governmental Activities	Business-Type Activities	Total
Net Position, December 31, 2019	\$41,806,381	\$6,533,133	\$48,339,514
Adjustments:			
GASB 84	<u>517,701</u>	<u>0</u>	<u>517,701</u>
Restated Net Position, December 31, 2019	<u>\$42,324,082</u>	<u>\$6,533,133</u>	<u>\$48,857,215</u>

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of December 31, 2019:

	Private Purpose Trust
Net Position, December 31, 2019	\$39,813
Adjustments:	
GASB 84	<u>(39,813)</u>
Restated Net Position, December 31, 2019	<u>\$0</u>

At December 31, 2019, the County's agency funds reported assets and liabilities of \$40,312,720. Due to the implementation of GASB Statement No. 84, the new classification of custodial fund assets were offset by liabilities, resulting in a restated net position of \$2,190,610.

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**Note 4 - Accountability**

The Human Services Special Revenue Funds have deficit fund balances at December 31, 2020, of \$15,709. The General Fund is liable for the deficits and will provide transfers when cash is required.

**Note 5 – Budgetary Basis of Accounting**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) is presented for the General Fund and the Motor Vehicle and Gas Tax, Human Services, Community Mental Health, Developmental Disabilities, and Coronavirus Relief Special Revenue Funds to provide a meaningful comparison of actual results. The differences between the budgetary basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
5. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
6. Budgetary revenues and expenditures of the Certificate of Title Administration Revenue Fund are classified to the General Fund for GAAP Reporting.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

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Net Change in Fund Balance

	General Fund	Motor Vehicle and Gas Tax Fund	Human Services Fund
GAAP Basis	\$1,062,201	\$129,811	(\$223,806)
Revenue Accruals	(87,477)	131,926	117,011
Expenditure Accruals	551,851	116,533	240,529
Advances	(267,500)	0	0
Unrecorded Cash - 2020	(225,107)	(38,336)	(41,787)
Unrecorded Cash - 2019	91,414	3,213	0
WestCON Activity	0	0	0
Custodial Fund Cash Allocation - 2020	(125,568)	(24,297)	0
Custodial Fund Cash Allocation - 2019	50,610	27,650	0
Segregated Accounts From Cash Off Books - 2020	(255,485)	0	0
Increase in Fair Value of Cash Equivalents - 2020	(546,212)	0	0
Increase in Fair Value of Cash Equivalents - 2019	122,224	0	0
Excess of revenues over expenditures for Title Administration Fund	94,046	0	0
Budget Basis	<u>\$464,997</u>	<u>\$346,500</u>	<u>\$91,947</u>

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	Community Mental Health Fund	Developmental Disabilities Fund	Coronavirus Relief Fund
GAAP Basis	\$344,939	(\$260,746)	\$0
Revenue Accruals	(68,986)	(128,105)	1,918,072
Expenditure Accruals	7,899	105,924	90,726
Advances	0	0	0
Unrecorded Cash - 2020	0	(36,603)	0
Unrecorded Cash - 2019	0	0	0
WestCON Activity	0	138,427	0
Custodial Fund Cash Allocation - 2020	(29,012)	(84,805)	0
Custodial Fund Cash Allocation - 2019	11,163	29,711	0
Segregated Accounts From Cash Off Books - 2020	0	0	0
Increase in Fair Value of Cash Equivalents - 2020	0	0	0
Increase in Fair Value of Cash Equivalents - 2019	0	0	0
Excess of revenues over expenditures for Title Administration Fund	0	0	0
Budget Basis	<u>\$266,003</u>	<u>(\$236,197)</u>	<u>\$2,008,798</u>

**Note 6 - 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 demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National

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Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, 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. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**Investments**

As of December 31, 2020, the County had the following investments:

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Measurement/Investment	Measurement Amount	Maturity	Moody's Ratings	Percent of Total Investments
Net Asset Value Per Share:				
STAROhio	\$9,429,338	Less than one year	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Mutual Fund	89,529	Less than one year	Aaa-mf	N/A
Fair Value - Level Two Inputs:				
Commercial Paper	2,478,180	Less than one year	P-1	6.88%
Corporate Bond	1,057,109	Less than three years	Aaa-Aa1	N/A
Federal Home Loan Bank Notes	336,376	Less than four years	Aaa	N/A
Federal Home Loan Mortgage Corporation Notes	1,428,512	Less than five years	Aaa	N/A
Federal Farm Credit Bureau Notes	6,177,374	Less than five years	Aaa	17.15%
Federal National Mortgage Association Notes	995,177	Less than five years	Aaa	N/A
Municipal Bonds	3,324,589	Less than four years	N/A	9.23%
Negotiable Certificates of Deposit	10,594,602	Less than four years	N/A	29.41%
US Treasury Note	113,593	Less than three years	Aaa	N/A
Total Fair Value - Level Two Inputs	<u>26,505,512</u>			
Total Investments	<u>\$36,024,379</u>			

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the County's recurring fair value measurements as of December 31, 2020. The money market mutual fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The County's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bid, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

*Interest Rate Risk* – The County has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk* – Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The County's investment policy limits investments to those authorized by State statute.

*Concentration of Credit Risk* – The County places no limit on the amount it may invest in any one issuer.

PREBLE COUNTY, OHIO  
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**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes. 2020 real property taxes were levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all County operations for the year ended December 31, 2020, was \$7.95 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	
Residential/Agricultural	\$820,033,950
Commercial/Industrial/Public Utility	87,867,440
Public Personal	51,669,470
Totals	\$959,570,860

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. The amount of the County's tax collections is accounted for within the applicable funds. Property taxes receivable represents real and public utility taxes and outstanding delinquencies which were measurable as of December 31, 2020, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2020 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.



PREBLE COUNTY, OHIO  
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**Note 8 – Tax Abatements**

As of December 31, 2020, the County's property taxes were reduced by a Community Reinvestment Area enacted by the Village of Lewisburg. The amount of taxes abated for 2020 was \$187,265. Eaton Corporation also had taxes abated in the amount of \$1,684.

**Note 9 – Permissive Sales Tax**

In accordance with Sections 5739.021 and 5741.021 of the Revised Code, the County Commissioners, by resolution, imposed a 1.5 percent continuing tax on all retail sales made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles. 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 Office of Budget and Management the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within 45 days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County.

Proceeds of the tax are credited entirely to the General Fund.

**Note 10 – Receivables**

Receivables at December 31, 2020, consisted of taxes, accounts (billings for user charged services), special assessments, interest on investments, interfund amounts, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes. Sewer charges receivable, if delinquent, may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

The County had \$5,436 of delinquent special assessments at December 31, 2020.

A summary of intergovernmental receivables follows:

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Governmental Activities:	Amount
Local Government	\$202,733
Homestead and Rollback	275,385
Gasoline Cents Per Gallon	279,500
Gasoline Excise Tax	1,352,663
Auto License	434,025
Casino Tax	118,675
Human Services Grant	211,050
Mental Health Grant	74,815
Children Services Grant	142,819
Developmental Disabilities Grant	126,994
Emergency Management Grants	31,422
Community & Economic Development Grant	218,943
Other Government Entities	116,307
<b>Total Governmental Activities</b>	<b><u><u>\$3,585,331</u></u></b>

**Note 11 - Capital Assets**

Capital assets activity for the year ended December 31, 2020, was as follows:

	Balance at 12/31/2019	Additions	Deletions	Balance at 12/31/2020
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$2,252,014	\$94,764	\$0	\$2,346,778
Construction in Progress	1,444,906	511,034	(1,955,940)	0
Total Capital Assets, Not Being Depreciated	<u>3,696,920</u>	<u>605,798</u>	<u>(1,955,940)</u>	<u>2,346,778</u>
Depreciable Capital Assets:				
Buildings, Structures, and Improvements	13,030,300	0	0	13,030,300
Furniture, Fixtures, and Equipment	13,023,000	830,479	0	13,853,479
Infrastructure	36,139,540	3,408,766	(343,618)	39,204,688
Total Depreciable Capital Assets	<u>62,192,840</u>	<u>4,239,245</u>	<u>(343,618)</u>	<u>66,088,467</u>
Less Accumulated Depreciation:				
Buildings, Structures, and Improvements	(5,365,142)	(150,228)	0	(5,515,370)
Furniture, Fixtures, and Equipment	(9,614,714)	(590,949)	0	(10,205,663)
Infrastructure	(13,515,718)	(1,050,081)	298,343	(14,267,456)
Total Accumulated Depreciation	<u>(28,495,574)</u>	<u>(1,791,258)*</u>	<u>298,343</u>	<u>(29,988,489)</u>
Depreciable Capital Assets, Net	<u>33,697,266</u>	<u>2,447,987</u>	<u>(45,275)</u>	<u>36,099,978</u>
Governmental Activities Capital Assets, Net	<u><u>\$37,394,186</u></u>	<u><u>\$3,053,785</u></u>	<u><u>(\$2,001,215)</u></u>	<u><u>\$38,446,756</u></u>

\* Depreciation expense was charged to governmental programs as follows:

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General Government:	
Legislative and Executive	\$147,078
Judicial	9,643
Public Safety	242,158
Public Works	1,328,089
Health	13,366
Human Services	50,924
Total Depreciation Expense	\$1,791,258

Capital assets activity of the business-type activities for the year ended December 31, 2020, was as follows:

	Balance at 12/31/2019	Additions	Deletions	Balance at 12/31/2020
<b><u>Business-Type Activities:</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$452,313	\$0	\$0	\$452,313
Total Capital Assets, Not Being Depreciated	452,313	0	0	452,313
Depreciable Capital Assets:				
Buildings, Structures, and Improvements	3,356,671	0	0	3,356,671
Furniture, Fixtures, and Equipment	3,707,140	132,193	(17,471)	3,821,862
Sewer Lines and Manholes	650,933	0	0	650,933
Landfill Lines	372,499	0	0	372,499
Landfill Improvements	4,845,408	0	0	4,845,408
Total Depreciable Capital Assets	12,932,651	132,193	(17,471)	13,047,373
Less Accumulated Depreciation:				
Buildings, Structures, and Improvements	(1,007,456)	(56,681)	0	(1,064,137)
Furniture, Fixtures, and Equipment	(2,178,675)	(232,143)	17,471	(2,393,347)
Sewer Lines and Manholes	(91,972)	(6,509)	0	(98,481)
Landfill Lines	(26,075)	(3,725)	0	(29,800)
Landfill Improvements	(383,847)	(141,344)	0	(525,191)
Total Accumulated Depreciation	(3,688,025)	(440,402)	17,471	(4,110,956)
Depreciable Capital Assets, Net	9,244,626	(308,209)	0	8,936,417
Business-Type Activities Capital Assets, Net	\$9,696,939	(\$308,209)	\$0	\$9,388,730

**Note 12 - Risk Management**

**Insurance**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County maintains comprehensive insurance coverage with the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool (see Note 24), for liability, property, auto, and crime insurance.

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Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from the prior year. The County pays all elected officials' bonds by statute.

**Workers' Compensation**

For 2020, the County participated in the County Commissioners' Association of Ohio Service Corporation (the Plan), a group purchasing pool (See Note 25). The plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than the individual rate.

In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from, or pays rate equalization rebates to the various participants. Participation in the plan is limited to counties that can meet the Plan's selection criteria.

The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided 60 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 Plan prior to withdrawal, and a participant leaving the Plan allows a representative of the Plan to assess loss experience for three years following the last year of participation.

**Note 13 - Defined Benefit Pension Plan**

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

**Net Pension Liability (Asset)/Net OPEB Liability**

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred. The net pension/OPEB liability (asset) represent the County's proportionate share of each

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - County employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25



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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

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

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

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	State and Local	Law Enforcement
2020 Statutory Maximum Contribution Rates:		
Employer	14.0%	18.1%
Employee *	10.0%	**
2020 Actual Contribution Rates:		
Employer:		
Pension ***	14.0%	18.1%
Post-employment Health Care Benefits ***	0.0%	0.0%
Total Employer	14.0%	18.1%
Employee	10.0%	13.0%

- \* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\* This rate is determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- \*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2020, the County's contractually required contribution was \$1,597,209 for the traditional plan, \$59,189 for the combined plan and \$48,265 for the member-directed plan. Of these amounts, \$212,147 is reported as an intergovernmental payable for the traditional plan, \$8,954 for the combined plan, and \$7,339 for the member-directed plan.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability (asset) was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the County's defined benefit pension plans:



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	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.07915296%	0.09360768%	
Prior Measurement Date	0.07450252%	0.09946764%	
Change in Proportionate Share	<u>0.00465044%</u>	<u>-0.00585996%</u>	
Proportionate Share of the:			
Net Pension (Asset)	\$0	(\$195,192)	(\$195,192)
Net Pension Liability	15,645,116	0	15,645,116
Pension Expense	2,630,662	15,064	2,645,726

2020 pension expense for the member-directed defined contribution plan was \$70,387. The aggregate pension expense for all pension plans was \$2,716,113 for 2020.

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
<b>Deferred Outflows of Resources:</b>			
Changes of assumptions	\$835,630	\$20,128	\$855,758
Changes in proportion and differences between County contributions and proportionate share of contributions	618,503	15,626	634,129
County contributions subsequent to the measurement date	<u>1,597,209</u>	<u>59,189</u>	<u>1,656,398</u>
Total Deferred Outflows of Resources	<u>\$3,051,342</u>	<u>\$94,943</u>	<u>\$3,146,285</u>
Differences between expected and actual experience	\$197,810	\$45,826	\$243,636
Net difference between projected and actual earnings on pension plan investments	3,120,850	25,317	3,146,167
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>0</u>	<u>1,255</u>	<u>1,255</u>
Total Deferred Inflows of Resources	<u>\$3,318,660</u>	<u>\$72,398</u>	<u>\$3,391,058</u>

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\$1,656,398 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	Total
	<u>Plan</u>	<u>Plan</u>	<u>Total</u>
Year Ending December 31:			
2021	\$34,531	(\$10,526)	\$24,005
2022	(789,105)	(10,049)	(799,154)
2023	129,232	(2,990)	126,242
2024	(1,239,185)	(12,259)	(1,251,444)
2025	0	(730)	(730)
Thereafter	0	(90)	(90)
Total	<u>(\$1,864,527)</u>	<u>(\$36,644)</u>	<u>(\$1,901,171)</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$25,803,865	\$15,645,116	\$6,512,706
OPERS Combined Plan	(117,946)	(195,192)	(250,869)

**Note 14 – Defined Benefit OPEB Plans**

See Note 13 for a description of the net OPEB liability.

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$19,307 for 2020. Of this amount, \$2,935 is reported as an intergovernmental payable.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.07969920%
Prior Measurement Date	0.07531304%
Change in Proportionate Share	0.00438616%
Proportionate Share of the Net OPEB Liability	\$11,008,524
OPEB Expense	\$1,333,917

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS
<b>Deferred Outflows of Resources:</b>	
Differences between expected and actual experience	\$294
Changes of assumptions	1,742,532
Changes in proportion and differences between County contributions and proportionate share of contributions	331,950
County contributions subsequent to the measurement date	19,307
Total Deferred Outflows of Resources	\$2,094,083
 <b>Deferred Inflows of Resources:</b>	
Differences between expected and actual experience	\$1,006,781
Net difference between projected and actual earnings on OPEB plan investments	560,551
Changes in proportion and differences between County contributions and proportionate share of contributions	24,025
Total Deferred Inflows of Resources	\$1,591,357

\$19,307 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2021	\$455,390
2022	267,113
2023	445
2024	(239,529)
Total	\$483,419

**Actuarial Assumptions - OPERS**

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



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Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior Measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.50 percent, ultimate in 2030
Prior Measurement date	7.25 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health



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care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

**Discount Rate** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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***Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
County's proportionate share of the net OPEB liability	\$14,406,427	\$11,008,524	\$8,287,920

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$10,683,678	\$11,008,524	\$11,329,241

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

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**Note 15 - Other Employee Benefits**

**Deferred Compensation Plan**

County employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan is created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency. Plan assets belong to the individual employees, and the County has no responsibility for the plan assets.

**Insurance**

Medical insurance coverage for employees is provided by Anthem Blue Cross Blue Shield. Life insurance is provided by Anthem Life. Dental coverage for employees is provided by Delta Dental. Elected officials and county employees pay 13 percent and 17 percent, respectively, of all insurance premiums.

**Note 16 – Asset Retirement Obligations**

Ohio Revised Code Section 6111.44 requires the County to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the County would be responsible to address any public safety issues associated with their waste water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

**Note 17 - Short-Term Obligations**

Changes in the short-term obligations during 2020 were as follows:

Fund Type/Fund/Issue	Interest Rate	Balance at 12/31/2019	Increases	Decreases	Balance at 12/31/2020
<u>Business-Type Activities:</u>					
Landfill Bond Anticipation Note 2019	2.00%	\$2,870,000	\$0	\$2,870,000	0
Premium		18,339	0	18,339	0
Landfill Bond Anticipation Note 2020	1.00%	0	2,470,000	0	2,470,000
Premium		0	17,414	0	17,414
Total Business-Type Funds		<u>\$2,888,339</u>	<u>\$2,487,414</u>	<u>\$2,888,339</u>	<u>\$2,487,414</u>

All of the notes are backed by the full faith and credit of the County and matured within one year. The Landfill Bond Anticipation Note 2019 was paid off with the issuance of the Landfill Bond Anticipation Note 2020. The bond anticipation note is issued in anticipation of long-term bond financing, and the County intends to refinance the note until such bonds are issued. The liability for the note is presented in the funds that received the note proceeds.

PREBLE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

**Note 18 - Long-Term Obligations**

The schedule of changes in long-term obligations of the governmental activities of the County during 2020 follows:

Types / Issues	Balance at 12/31/2019	Issued	Retired	Balance at 12/31/2020	Due Within One Year
<u>General Obligations Bonds:</u>					
2002 2.00 to 3.50% Various Purpose Bonds - Unvoted \$1,440,000	\$115,000	\$0	\$55,000	\$60,000	\$60,000
<u>Other Long-Term Obligations:</u>					
Net Pension Liability - OPERS	19,739,356	0	4,583,148	15,156,208	0
Net OPEB Liability - OPERS	9,498,852	1,165,657	0	10,664,509	0
Compensated Absences Payable	506,528	325,249	426,227	405,550	46,730
Total - General Long-Term Obligations	<u>\$29,859,736</u>	<u>\$1,490,906</u>	<u>\$5,064,375</u>	<u>\$26,286,267</u>	<u>\$106,730</u>

The 2002 Various Purpose General Obligation Bonds were issued to refund original bonds issued on July 1, 1989 for the purpose of constructing a human services building and the expansion and improvement of the Job and Family Services facility. The security holder of the debt is afforded those rights that are set forth in Ohio Revised Code chapter 133. The bonds will be paid from general revenues, including transfers from the Human Services Fund.

Compensated absences will be paid from the General Fund, the Motor Vehicle License and Gas Tax, Human Services, Community Mental Health, Developmental Disabilities, Other Legislative and Executive, Other Health, Other Human Services, Youth Service Subsidiary, Other Judicial Service, and Disaster Services EMA Funds. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General Fund, the Motor Vehicle License and Gas Tax, Human Services, Community Mental Health, Developmental Disabilities, Other Legislative and Executive, Other Health, Other Human Services, Youth Service Subsidiary, Other Judicial Service, Disaster Services EMA, Landfill and Community Development Block Grant Funds. For additional information related to the net pension/OPEB liability (asset), see Notes 13 and 14.

Changes in the long-term obligations reported for business-type activities during 2020 were as follows:

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Types/Issues	Balance at 12/31/2019	Increases	Decreases	Balance at 12/31/2020	Within One Year
<u>Loans Payable from Direct Borrowing:</u>					
0.00% - 2004 OWDA Loan \$820,238	\$242,983	\$0	\$20,249	\$222,734	\$40,498
0.00% - 2010 OPWC Loan \$1,500,000	975,000	0	75,000	900,000	75,000
0.00% - 2012 OPWC Loan \$374,698	299,759	0	12,490	287,269	12,490
0.00% - 2006 OPWC Loan \$38,000	14,250	0	1,900	12,350	1,900
0.00% - 2000 OPWC Loan \$227,160	11,673	0	11,673	0	0
Total Loans Payable from Direct Borrowing	<u>1,543,665</u>	<u>0</u>	<u>121,312</u>	<u>1,422,353</u>	<u>129,888</u>
<u>Other Long-Term Obligations:</u>					
Net Pension Liability - OPERS	665,371	0	176,463	488,908	0
Net OPEB Liability - OPEB	320,185	23,830	0	344,015	0
Compensated Absences Payable	14,918	24,974	27,361	12,531	4,354
Landfill Closure and Postclosure	6,604,942	473,343	0	7,078,285	0
Total Other Long-Term Obligations	<u>7,605,416</u>	<u>522,147</u>	<u>203,824</u>	<u>7,923,739</u>	<u>4,354</u>
Total - Business-Type Activities	<u>\$9,149,081</u>	<u>\$522,147</u>	<u>\$325,136</u>	<u>\$9,346,092</u>	<u>\$134,242</u>

The County has pledged future sewer customer receipts, net of specified operating disbursements, to repay the \$820,238 in sewer system OWDA loans issued in 2004 with an interest rate of zero percent. These loans are a direct borrowing from OWDA. In the event of a default, the loans shall bear interest at a default rate from the due date until the date of payment, pay any cost incurred by OWDA to cure the default and will not be eligible for inclusion in a Water Pollution Control Loan Fund (WPCLF) Loan Agreement. Proceeds from these loans provided financing for the construction of the West Elkton sewer system and to refund the County's three outstanding OWDA Loans at December 31, 2003. The loans are payable solely from sewer customer net receipts and are payable through January 1, 2026. Principal paid for the current year and total customer net revenues were \$20,249 and negative \$134,349 respectively. The total principal remaining to be paid on the loans is \$222,734.

The OPWC loans consist of money owed to the Ohio Public Works Commission for various construction projects within the County. These consist of 15 or 20 year general obligation loans payable. These loans are a direct borrowing from OPWC. In the event of a default, the loans will bear interest at a default rate from date of default until date of payment; at the discretion of OPWC, under Ohio Revised Code Section 164.05, force the County Auditor to pay the amount of the default from the County's portion of the undivided local government fund; OPWC will be released from any and all obligations of the loan agreements; and at OPWC's discretion, the remaining unpaid principal and any accrued interest becomes immediately due and payable. The liability for the Water and Sewer Funds is recorded in the fund and government-wide financial statements. The liabilities for the governmental funds are not recorded on the fund financial statements, but are recorded on the government-wide financial statements. The loans will be repaid from the Sewer and Landfill Enterprise Funds.

PREBLE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

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.

Compensated absences will be paid from the Landfill Fund. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the Landfill fund. For additional information related to the pension/OPEB liability (asset) see Notes 13 and 14.

The effects of the debt limitations at December 31, 2020, are an overall legal debt margin of \$22,429,272 and an unvoted legal debt margin of \$9,535,709.

The following is a summary of the County's future annual debt service requirements, including interest, for long-term obligations:

Governmental Activities		
General Obligation Serial Bonds		
Year	Principal	Interest
2021	\$60,000	\$2,670
Business-Type Activities from Direct Borrowings		
Year	Loans Payable Principal	
2021	\$129,888	
2022	129,887	
2023	129,887	
2024	129,887	
2025	129,887	
2026-2030	460,548	
2031-2035	212,450	
2036-2040	62,450	
2041-2043	37,469	
Totals	<u>\$1,422,353</u>	

**Note 19 – Landfill Closure And Post-Closure Costs**

State and federal laws and regulations require that the County place a final cover on its landfill when it stops accepting waste. These laws and regulations also require the County to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure.

PREBLE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County is required by generally accepted accounting principles to report a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$7,078,285 reported as a landfill closure and post-closure care liability at December 31, 2020, represents the cumulative amount reported to date based on the use of 41.7 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of the closure and post-closure care of \$9,894,115 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County expects to close the landfill in the year 2079.

The County is required by State and federal laws and regulations to prove financial assurance to finance closure and post-closure care. The Ohio Environmental Protection Agency has established certain rules applicable to the County, requiring that the permittee of a Solid Waste Disposal Facility ensure adequate funds will be available when needed for final closure/or post-closure care of the facility. The County has elected to provide a letter from the Chief Financial Officer, as specified in paragraph (F) of Rule 3745-27-15 or in paragraph (F) of Rule 3745-27-16 of the Ohio Administrative Code as the mechanism to demonstrate the County's Financial Assurance as specified in Chapter 3745-27 of the Ohio Administrative Code.

**Note 20 - Interfund Activity**

Interfund balances at December 31, 2020, consisted of the following amounts and result from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be paid within one year.

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Nonmajor Governmental Funds	\$274,061
Sewer Enterprise Fund	339,663
Total	<u>\$613,724</u>

Interfund transfers for the year ended December 31, 2020, consisted of the following:



PREBLE COUNTY, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2020

Transfers From	Transfers To				Totals
	Motor Vehicle and Gas Tax Fund	Human Services Fund	Community Health Fund	Nonmajor Governmental Funds	
General Fund	\$65,460	\$71,275	\$279	\$45,226	\$182,240
Human Services Fund	0	0	0	62,610	62,610
Total	\$65,460	\$71,275	\$279	\$107,836	\$244,850

Transfers are used to move revenues from the fund that State statute or the County’s budget requires to collect them to the fund that is required to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. The transfers from the Human Services Fund to Nonmajor Governmental Funds were for debt payments.

**Note 21 - Related Organizations**

**Preble County Library Board**

The Preble County Library Board is a related organization of the County. The County Officials (the Commissioners, the Probate Court and the Common Pleas Court) are responsible for appointing the trustees of the Library Board; however, the County Officials cannot influence the Library’s operation nor does the Library represent a potential financial benefit or burden to the County. Although the County does serve as the taxing authority and may issue tax related debt on behalf of the Library Board, its role is limited to a ministerial function. Once the Library Board determines to present a levy to the voters, including the determination of the rate and duration, the County must place the levy on the ballot. The Library may issue debt and determines its own budget. During 2020, the County did not make any significant financial contributions to the operation of the Library. Financial information for the Library may be obtained by writing to the Treasurer of the Preble County Library Board, 450 S. Barron Street, Eaton, Ohio 45320.

**Preble Metropolitan Housing Authority**

The Preble Metropolitan Housing Authority (PMHA) is a related organization to the County. The general purpose of the PMHA is to provide decent, safe, and sanitary housing for qualified persons within the County. The ability to influence operations depends on the County’s representation on the Board. The PMHA Board is composed of five representatives: one member appointed by the County Common Pleas Court Judge; one member appointed by the County Commissioners; one member appointed by the County Probate Court Judge; and two members appointed by the Mayor of Eaton. During 2020, the County did not make any significant financial contributions to the operation of the PMHA.



PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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Financial information may be obtained by writing to Rita Daily, Director of the Preble Metropolitan Housing Authority, 304 Eaton-Lewisburg Road, Eaton, Ohio 45320.

**Note 22 - Joint Venture**

**Preble County Emergency Management Agency**

The Preble County Emergency Management Agency (EMA) is a joint venture between the County, the City of Eaton, and townships and villages within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is composed of the following seven members: one County Commissioner representing the Board of County Commissioners; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. The County contributed \$21,027 for the operation of the EMA during 2020. The EMA is a joint venture because its continued existence depends on contributed funding by the County. The EMA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Complete financial statements can be obtained from Dave Anderson, Director of the EMA located at 6818 US 127 North, Eaton, Ohio 45320.

**Note 23 - Jointly Governed Organization**

**West Central Ohio Network**

The West Central Ohio Network (WestCON) is a jointly governed organization among Auglaize, Darke, Logan, Mercer, Miami, Preble, Shelby, and Union Counties. WestCON was formed to administer supported living services for persons with developmental disabilities in these counties. The executive committee consists of eight members that are the Superintendents of each local county board of developmental disabilities which is a WestCON member. The Committee exercises total control over operations including budgeting, appropriating, contracting and designing management. Each participant's degree of control is limited to its representation on the Committee. During 2020, the County did not make any significant financial contributions to WestCON.

**Note 24 - Risk Sharing Pool**

**County Risk Sharing Authority, Inc.**

The County Risk Sharing Authority, Inc. (CORSA) is a risk sharing pool among counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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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 time. Each member county's control over the budgetary and financing of CORSA is limited to its voting authority and any representative it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payments of the certificates. The County does not have an equity interest in CORSA.

**Note 25 - Group Purchasing Pool**

**County Commissioners' Association of Ohio Service Corporation**

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners' Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners' Association of Ohio (CCAO) as a group insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of the CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year, and each elected member shall be a County Commissioner.

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Note 26 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General Fund	Motor Vehicle and Gas Tax Fund	Human Services Fund	Community Mental Health Fund
<b><i>Nonspendable:</i></b>				
Unclaimed Monies	\$46,286	\$0	\$0	\$0
Materials And Supplies				
Inventory	12,497	82,178	7,211	0
Prepays	17,420	6,887	3,343	0
<i>Total Nonspendable</i>	<u>76,203</u>	<u>89,065</u>	<u>10,554</u>	<u>0</u>
<b><i>Restricted For:</i></b>				
Mental Health Services	0	0	0	1,354,432
Road Maintenance and Repair	0	2,890,746	0	0
<i>Total Restricted</i>	<u>0</u>	<u>2,890,746</u>	<u>0</u>	<u>1,354,432</u>
<b><i>Assigned To:</i></b>				
Future Appropriations	2,864,957	0	0	0
<b><i>Unassigned (Deficit)</i></b>	<u>8,210,130</u>	<u>0</u>	<u>(15,709)</u>	<u>0</u>
<i>Total Fund Balances (Deficits)</i>	<u>\$11,151,290</u>	<u>\$2,979,811</u>	<u>(\$5,155)</u>	<u>\$1,354,432</u>

*(continued)*

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

Fund Balances	Developmental Disabilities Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable:</i></b>			
Unclaimed Monies	\$0	\$0	\$46,286
Materials And Supplies			
Inventory	0	0	101,886
Prepays	0	0	27,650
<b><i>Total Nonspendable</i></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>175,822</u></b>
<b><i>Restricted For:</i></b>			
Human Services	0	732,334	732,334
Mental Health Services	6,242,245	0	7,596,677
Public Works	0	270,196	270,196
Road Maintenance and Repair	0	2,800	2,893,546
Community and Economic Development	0	558,664	558,664
Public Safety	0	2,113,923	2,113,923
Real Estate Assessments	0	2,184,615	2,184,615
Other Health Services	0	34,682	34,682
Legislative and Executive	0	23,851	23,851
<b><i>Total Restricted</i></b>	<b><u>6,242,245</u></b>	<b><u>5,921,065</u></b>	<b><u>16,408,488</u></b>
<b><i>Assigned To:</i></b>			
Future Appropriations	0	0	2,864,957
Permanent Improvement	0	43,177	43,177
<b><i>Total Assigned</i></b>	<b><u>0</u></b>	<b><u>43,177</u></b>	<b><u>2,908,134</u></b>
<b><i>Unassigned</i></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>8,194,421</u></b>
<b><i>Total Fund Balances</i></b>	<b><u>\$6,242,245</u></b>	<b><u>\$5,964,242</u></b>	<b><u>\$27,686,865</u></b>

**Note 27 - Contingent Liabilities**

**Litigation**

The County is party to a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the County's financial position.

PREBLE COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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**Federal and State Grants**

The County participates in a number of Federal and State assisted grant programs. These programs are subject to financial and compliance audits by grantors or representatives. At December 31, 2020, the audits of certain programs had not been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The County believes that disallowed claims, if any, will not have a material adverse effect on the County's financial position.

**Note 28 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**Note 29 - Subsequent Event**

On July 28, 2021, the County approved the issuance of bond anticipation notes, not to exceed \$2,070,000, for the purpose of retiring the Landfill Bond Anticipation Note 2020.

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Preble County  
Required Supplementary Information

PREBLE COUNTY, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN  
 LAST SEVEN YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's Proportion of the Net Pension Liability	0.07915296%	0.07450252%	0.07439488%
County's Proportionate Share of the Net Pension Liability	\$15,645,116	\$20,404,727	\$11,671,112
County's Covered Payroll	\$9,843,789	\$9,243,511	\$9,586,495
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.93%	220.75%	121.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the County's measurement date, which is the prior year end.

See Accompanying Notes to the Required Supplementary Information



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07804176%	0.07763972%	0.07918050%	0.07918050%
\$17,721,954	\$13,448,179	\$9,550,052	\$9,334,349
\$9,589,066	\$9,804,644	\$9,473,916	\$9,430,498
184.81%	137.16%	100.80%	98.98%
77.25%	81.08%	86.45%	86.36%

PREBLE COUNTY, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE  
 NET PENSION LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - COMBINED PLAN  
 LAST THREE YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's Proportion of the Net Pension Liability	0.09360768%	0.09946764%	0.11380400%
County's Proportionate Share of the Net Pension (Asset )	(\$195,192)	(\$111,226)	(\$154,925)
County's Covered Payroll	\$353,414	\$379,486	\$466,085
County's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	(55.23%)	(29.31%)	(33.24%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	145.28%	126.64%	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the County's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of the County's measurement date, which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

PREBLE COUNTY, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - OPEB PLAN  
 LAST FOUR YEARS (1)

	2020	2019	2018	2017
County's Proportion of the Net OPEB Liability	0.07969920%	0.07531304%	0.07573440%	0.07855880%
County's Proportionate Share of the Net OPEB Liability	\$11,008,524	\$9,819,037	\$8,224,195	\$7,934,705
County's Covered Payroll	\$10,593,653	\$9,990,347	\$10,489,930	\$10,064,570
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	103.92%	98.29%	78.40%	78.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of the County's measurement date, which is the prior year end.

See Accompanying Notes to the Required Supplementary Information

PREBLE COUNTY, OHIO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF COUNTY CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST EIGHT YEARS (1) (2)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$1,597,209	\$1,419,756	\$1,330,543	\$1,279,686
Contributions in Relation to the Contractually Required Contribution	<u>(1,597,209)</u>	<u>(1,419,756)</u>	<u>(1,330,543)</u>	<u>(1,279,686)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$11,079,228	\$9,843,789	\$9,243,511	\$9,586,495
Contributions as a Percentage of Covered Payroll	14.42%	14.42%	14.39%	13.35%
<b>Net Pension Liability - Combined Plan</b>				
Contractually Required Contribution	\$59,189	\$49,478	\$53,128	\$60,591
Contributions in Relation to the Contractually Required Contribution	<u>(59,189)</u>	<u>(49,478)</u>	<u>(53,128)</u>	<u>(60,591)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll	\$422,779	\$353,414	\$379,486	\$466,085
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
<b>Net OPEB Liability - OPEB Plan</b>				
Contractually Required Contribution	\$19,307	\$15,858	\$14,694	\$118,019
Contributions in Relation to the Contractually Required Contribution	<u>(19,307)</u>	<u>(15,858)</u>	<u>(14,694)</u>	<u>(118,019)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered Payroll (3)	\$11,984,682	\$10,593,653	\$9,990,347	\$10,489,930
OPEB Contributions as a Percentage of Covered Payroll	<u>0.16%</u>	<u>0.15%</u>	<u>0.15%</u>	<u>1.13%</u>

- (1) Information prior to 2013 is not available for the traditional and combined plans.
- (2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (3) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$1,212,452	\$1,181,475	\$1,166,556	\$1,253,341
<u>(1,212,452)</u>	<u>(1,181,475)</u>	<u>(1,166,556)</u>	<u>(1,253,341)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,589,066	\$9,804,644	\$9,473,916	\$9,430,498
12.64%	12.05%	12.31%	13.29%
\$51,568	\$52,636	\$4,100	\$7,520
<u>(51,568)</u>	<u>(52,636)</u>	<u>(4,100)</u>	<u>(7,520)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$429,733	\$438,633	\$34,167	\$57,846
<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$206,490			
<u>(206,490)</u>			
<u>\$0</u>			
\$10,064,570			
<u>2.05%</u>			

PREBLE COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

PREBLE COUNTY, OHIO  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED DECEMBER 31, 2020

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**Changes in Assumptions – OPERS Pension – Combined Plan**

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

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PREBLE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Direct Program:</i>				
Shelter Plus Care	14.238	N/A	\$120,720	\$120,720
Total Shelter Plus Care				120,720
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grant/States Program - FY 2018	14.228	B-F-18-1CK-1		68,943
Community Development Block Grant/States Program - FY 2019	14.228	B-X-19-1CK-1		5,042
Community Development Block Grant/States Program - FY 2018	14.228	B-X-17-1CK-1		8,152
Community Development Block Grant/States Program - FY 2018	14.228	B-X-17-1CK-2		8,673
Total Community Development Block Grant/States Program				90,810
<i>Total Passed Through Ohio Department of Development</i>				
				90,810
Total U.S. Department of Housing and Urban Development				211,530
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
<i>Passed Through Ohio Secretary of State:</i>				
COVID-19 - 2018 HAVA Election Security Grants	90.404	N/A		35,287
2018 HAVA Election Security Grants - Security and Voter Accessibility Block Grant	90.404	N/A		24,581
2018 HAVA Election Security Grants - Primary Election PPE and Cleaning Reimbursement	90.404	N/A		1,026
Total 2018 HAVA Election Security Grants				60,894
Total U.S. Election Assistance Commission				60,894
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program:				
Food Assistance Employment & Training (FAET) Participation FY 2021 - 100%	10.561	G-2021-11-5983		121
Food Assistance Employment & Training (FAET) Participation FY 2020 - 100%	10.561	G-2021-11-5983		1,395
Food Assistance Employment & Training (FAET) Participation FY 2020 - 50%	10.561	G-2021-11-5983		1,180
Food Stamp Federal FY 2021	10.561	G-2021-11-5983		56,030
Food Stamp Federal FY 2020	10.561	G-2021-11-5983		210,022
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program / SNAP Cluster				268,748
Total U.S. Department of Agriculture				268,748
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through Ohio Attorney General's Office:</i>				
Crime Victim Assistance - 2019	16.575	2020-VOCA-132921780		63,231
Crime Victim Assistance - 2020	16.575	2021-VOCA-133907479		16,290
Total Crime Victim Assistance				79,521
Total U.S. Department of Justice				79,521
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through The Ohio Department of Transportation:</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction - Bridge Load Ratings	20.205	PID 108424		27,630
Highway Planning and Construction - Pyrmont Road Bridge Rehabilitation	20.205	PID 104008		1,173,518
Highway Planning and Construction - Pavement Markings	20.205	PID 104014		35,204
Total Highway Planning and Construction / Highway Planning and Construction Cluster				1,236,352
Total U.S. Department of Transportation				1,236,352
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Department of Public Safety:</i>				
Emergency Management Performance Grants - FY 2019	97.042	EMC-2019-EP-00005		19,378
Emergency Management Performance Grants - FY 2020	97.042	EMC-2020-EP-00004		31,422
Total Emergency Management Performance Grants				50,800
Total U.S. Department of Homeland Security				50,800

PREBLE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Montgomery County Department of Job &amp; Family Services:</i>				
Employment Service Cluster				
Employment Service/Wagner Peyser Funded Activities - SFY'20	17.207	G-2021-11-5983		744
Total Employment Service/Wagner Peyser Funded Activities/Employment Service Cluster				<u>744</u>
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Trade Adjustment Assistance - SFY20 OMJ Center Resource Sharing	17.245	G-2021-11-5983		135
Total Trade Adjustment Assistance				<u>135</u>
<i>Passed Through Area 7 Workforce Investment Board:</i>				
NDWG-Employment Recovery Program	17.277	G-2021-11-5983		204
Opioid Grant #3 - Increment 2	17.277	G-2021-11-5983		3,479
Opioid Grant #3	17.277	G-2021-11-5983		14,230
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants				<u>17,913</u>
<i>Passed Through Area 7 Workforce Investment Board:</i>				
WIOA Cluster:				
WIOA - Adult Program	17.258	G-2021-11-5983		41,895
SF'20 Resource Room Sharing - OMJ WIOA Statewide	17.258	G-2021-11-5983		19
Total WIOA - Adult Program				<u>41,914</u>
WIOA - Youth Activities PY'18	17.259	G-1819-11-5796/G-2021-11-5983		19,595
WIOA - Youth Activities PY'19	17.259	G-2021-11-5983		54,453
Total WIOA - Youth Activities				<u>74,048</u>
WIOA - Dislocated Worker Formula Grants	17.278	G-2021-11-5983		11,467
OMJ Center Resource Sharing - FY20	17.278	G-2021-11-5983		39
FY'20 Rapid Response	17.278	G-2021-11-5983		17,752
Total WIOA Dislocated Worker Formula Grants				<u>29,258</u>
Total WIOA Cluster				<u>145,220</u>
Total U.S. Department of Labor				<u>164,012</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Social Services Block Grant - Base FY 2020	93.667	G-2021-11-5983		59,044
Social Services Block Grant - Base FY 2021	93.667	G-2021-11-5983		17,653
Social Services Block Grant - Transfer FY 2020	93.667	G-2021-11-5983		150,415
Social Services Block Grant - Transfer FY 2021	93.667	G-2021-11-5983		57,593
				<u>284,705</u>
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Social Services Block Grant - FY19	93.667	200IOHOSOSR		9,135
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Social Services Block Grant	93.667	N/A	10,921	10,921
Total Social Services Block Grant				<u>304,761</u>
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Children's Health Insurance Program-FY20	93.767	G-2021-11-5983		62,045
Children's Health Insurance Program-FY21	93.767	G-2021-11-5983		8,742
COVID-19 Children's Health Insurance Program - FY21 (COVID)	93.767	G-2021-11-5983		509
Total Children's Health Insurance Program				<u>71,296</u>
Medicaid Cluster:				
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Medical Assistance Program - FY 2020	93.778	G-2021-11-5983		271,918
Medical Assistance Program - FY 2021	93.778	G-2021-11-5983		104,229
Medical Assistance Program - Child Welfare Program FY 2020	93.778	G-2021-11-5983		501
Medical Assistance Program - Child Welfare Program FY 2021	93.778	G-2021-11-5983		1,448
Medical Assistance Program - PRS/Transportation FED FY 2020	93.778	G-2021-11-5983		698
Medical Assistance Program - NET FY 2020	93.778	G-2021-11-5983		98,341
Medical Assistance Program - NET FY 2021	93.778	G-2021-11-5983		12,791
				<u>489,926</u>

PREBLE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Medical Assistance Program	93.778	2005OH5ADM/2105OH5ADM		151,564
Total Medical Assistance Program / Medicaid Cluster				641,490
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Block Grants for Community Mental Health Services	93.958	N/A	20,584	20,584
Total Block Grants for Community Mental Health Services				20,584
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Opioid STR	93.788	N/A	151,816	151,816
Total Opioid STR				151,816
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Block Grants for Prevention and Treatment of Substance Abuse - Juvenile TASC FY20	93.959	2000191		83,424
Block Grants for Prevention and Treatment of Substance Abuse - Mental Health FY19	93.959	N/A	135,945	135,945
Total Block Grants for Prevention and Treatment of Substance Abuse				219,369
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Child Support Enforcement - Training - 2020	93.563	G-2021-11-5983		253
Child Support Enforcement - Incentives - 2020	93.563	G-2021-11-5983		107,777
Child Support Enforcement - Awareness - 2021	93.563	G-2021-11-5983		499
Child Support Enforcement - Federal Cash Draws 2020	93.563	G-2021-11-5983		188,837
Child Support Enforcement - Federal Cash Draws 2021	93.563	G-2021-11-5983		78,951
Total Child Support Enforcement				376,317
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Promoting Safe and Stable Families - ESAA Preservation FY 2020	93.556	G-2021-11-5983		4,765
Promoting Safe and Stable Families - ESAA Preservation FY 2021	93.556	G-2021-11-5983		1,472
Promoting Safe and Stable Families - ESAA Reunification FY 2020	93.556	G-2021-11-5983		13,552
Promoting Safe and Stable Families - Caseworker Visits Administration FY20	93.556	G-1819-11-5796		332
Promoting Safe and Stable Families - Caseworker Visits FY20	93.556	G-1819-11-5796		3,316
Family Centered Services and Supports SFY 20	93.556	5AU-20-C0068-2		2,403
Family Centered Services and Supports SFY 21	93.556	N/A		13,360
Total Promoting Safe and Stable Families				39,200
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
John H. Chafee Foster Care Program for Successful Transition to Adulthood FY2020	93.674	G-2021-11-5983		100
John H. Chafee Foster Care Program for Successful Transition to Adulthood FY2021	93.674	G-2021-11-5983		190
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood				290
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Stephanie Tubbs Jones Child Welfare Services Program- State Grants (IV-B) FY 2020	93.645	G-2021-11-5983		40,656
Stephanie Tubbs Jones Child Welfare Services Program- State Grants (IV-B) FY 2021	93.645	G-2021-11-5983		10,315
Family Centered Services and Supports SFY 2021	93.645	G-2021-11-5983		1,869
Total Stephanie Tubbs Jones Child Welfare Services Program				52,840
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Adoption Assistance - IV-E Contract Services Payment Adoption Assistance FY2020	93.659	G-2021-11-5983		1,303
Adoption Assistance - IV-E Contract Services Payment Adoption Assistance FY2021	93.659	G-2021-11-5983		594
Adoption Assistance - IV-E Admin/Training Adoption Assistance FY2020	93.659	G-2021-11-5983		105,090
Adoption Assistance - IV-E Admin/Training Adoption Assistance FY2021	93.659	G-2021-11-5983		39,192
Total Adoption Assistance				146,179
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Temporary Assistance for Needy Families-Fraud Awareness FY 2020	93.558	G-2021-11-5983		1,949
Temporary Assistance for Needy Families-Kinship Caregiver FY19	93.558	G-2021-11-5983		2,493
Temporary Assistance for Needy Families-Administration FY 2020	93.558	G-2021-11-5983		201,784
Temporary Assistance for Needy Families-Performance Incentive FY20	93.558	G-2021-11-5983		2,477
Temporary Assistance for Needy Families-Summer Youth FY20	93.558	G-2021-11-5983		60,237
Temporary Assistance for Needy Families-Regular FY 2020	93.558	G-2021-11-5983		478,234
Temporary Assistance for Needy Families-CCMEP Regular FY2021	93.558	G-2021-11-5983		9,520
Total Temporary Assistance for Needy Families				756,694

PREBLE COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
Foster Care - Title IV-E - Contract Services Payment FY 2020	93.658	G-2021-11-5983		901
Foster Care - Title IV-E - Contract Services Payment FY 2021	93.658	G-2021-11-5983		438
Foster Care - Title IV-E - Administration/Training FY 2020	93.658	G-2021-11-5983		70,120
Foster Care - Title IV-E - Administration/Training FY 2021	93.658	G-2021-11-5983		28,892
Total Foster Care - Title IV-E				<u>100,351</u>
<i>Passed Through Ohio Department of Job &amp; Family Services:</i>				
CCDF Cluster				
Child Care and Development Block Grant - Non-Administrative FY 2021	93.575	G-2021-11-5983		4,021
Total Child Care and Development Block Grant / CCDF Cluster				<u>4,021</u>
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	N/A	89,815	89,815
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances				<u>89,815</u>
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
COVID-19 Mental and Substance Use Disorders During COVID-19 Grant	93.665	N/A		7,166
Total COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19				<u>7,166</u>
Total U.S. Department of Health and Human Services				<u>2,982,189</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Developmental Disabilities:</i>				
Special Education-Grants for Infants and Families - Early Head Start (Help Me Grow) 2019	84.181	N/A		22,785
Special Education-Grants for Infants and Families - Early Head Start (Help Me Grow) 2020	84.181	N/A	12,499	12,499
Total Special Education-Grants for Infants and Families				<u>35,284</u>
Total U.S. Department of Education				<u>35,284</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>				
<i>Passed Through Ohio Office of Budget and Management:</i>				
COVID-19 Coronavirus Relief Fund (Commissioners)	21.019	HB481-CRF-Local	92,213	479,883
<i>Passed Through Ohio Supreme Court:</i>				
COVID-19 Coronavirus Relief Fund (Common Pleas Court)	21.019	20-RTG-0100		8,192
Total COVID-19 - Coronavirus Relief Fund				<u>488,075</u>
Total U.S. Department of the Treasury				<u>488,075</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>				
<i>Direct Program:</i>				
Ohio Environmental Infrastructure Program	12.XXX	N/A		348,992
Total Ohio Environmental Infrastructure Program				<u>348,992</u>
Total U.S. Department of Defense				348,992
Total Expenditures of Federal Awards			<u>\$634,513</u>	<u>\$5,926,397</u>

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

**PREBLE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Preble County (the County's) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – SUB-RECIPIENTS**

The County passes certain federal awards received from the U.S. Department of Housing and Urban Development, Ohio Department of Mental Health and Addiction Services, Ohio Office of Budget and Management and Ohio Department of Developmental Disabilities to other governments or not-for-profit agencies (sub-recipients). As Note B describes, the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a sub-recipient, the County has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

**NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

The balance of CDBG CHIP funds was \$31,393 and the balance of HOME CHIP funds was \$7,396 in the CHIP Revolving Loan Fund on December 31, 2020.

**NOTE F - MATCHING REQUIREMENTS**

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

PREBLE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)

**NOTE G - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2020, the County made allowable transfers of \$27,667 from the Child Care and Development Block (Non-Administration) (93.575) program to the Temporary Assistance for Needy Families (TANF) (93.558) program. The Schedule shows the County spent approximately \$4,021 on the Child Care and Development Block Grant (Non-Administration) program. The amount reported for the Child Care and Development Block (Non-Administration) program on the Schedule excludes the amount transferred to the TANF program. The amount transferred to the TANF program is included as TANF expenditures when disbursed. The following table shows the gross amount drawn for the Child Care Non-Administration program during fiscal year 2020 and the amount transferred to the Temporary Assistance for Needy Families program.

Child Care and Development Block (Non-Administration)	\$53,676
Transfer to Temporary Assistance for Needy Families	<u>(27,667)</u>
Total Child Care and Development Block (Non-Administration)	<u>\$26,009</u>

# OHIO AUDITOR OF STATE KEITH FABER



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WestRegion@ohioauditor.gov

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

Preble County  
101 East Main Street  
Eaton, Ohio 45320

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Preble County (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 20, 2021 wherein we noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2021



# OHIO AUDITOR OF STATE KEITH FABER



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

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

Preble County  
101 East Main Street  
Eaton, Ohio 45320

To the Board of County Commissioners:

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

We have audited Preble County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Preble County's major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

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

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

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

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

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

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

In our opinion, Preble County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 20, 2021

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning & Construction Cluster COVID-19 - Coronavirus Relief Fund – CFDA #21.019
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

**FINDING NUMBER 2020-001**

**Material Weakness - Determination of Major Funds**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2020-001  
(Continued)**

Paragraphs 75 and 76 of Government Accounting Standards Board (GASB) Statement No. 34, as amended by GASB Statement No. 37, provide the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Non-major funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

Due to an error made by the financial statement consultant, the County's 2020 financial statements erroneously presented the Coronavirus Relief Fund under "Non-major Governmental Funds" even though it met the above noted criteria to be presented as a major fund. Upon identification by audit, the financial statements were adjusted to properly reflect the County's major funds.

The financial statement consultant and the County should establish and implement procedures to verify that all funds meeting the requirements of a major fund under GASB Statement No. 34, as amended by GASB Statement No. 37, are presented as such on the financial statements. Failure to do so could result in the activity of a significant fund being reported under other governmental funds.

**Officials' Response:**

**From Preble County Auditor:** The county subcontracts with Local Government Services (LGS) (an agency under the Auditor of State's office) to compile the financial statement on behalf of the county. During the compilation, LGS did not accurately report the Coronavirus Relief Fund and erroneously omitted that this fund was a major fund. It was reported as a non major fund. Due to this error, the Auditor of State's office is giving the county a FINDING for an error that was made by a department within their own office.

**Auditor of State Conclusion:** Financial Audit and Local Government Services (LGS) are two distinctly separate divisions within the AOS that, while they work together, are required to maintain independence to meet professional standards. As stated in the comment above, County management recognized by signing the respective engagement letters for LGS and Audit that they are responsible for preparing and fairly presenting the financial statements and other financial information, including related disclosures and the selection and application of accounting principles in accordance with generally accepted accounting principles (GAAP) in the United States of America.

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



# Preble County Board of Commissioners

101 East Main St., Eaton OH 45320

Phone: (937) 456-8143

commissioners@prebco.org

Fax: (937) 456-8114

**Adam Craft**

**David Haber**

**Rachael Vonderhaar**

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

**Finding Number:**

2020-001

**Planned Corrective Action:**

The county subcontracts with Local Government Services (LGS) (an agency under the Auditor of State's office) to compile the financial statement on behalf of the county. During the compilation, LGS did not accurately report the Coronavirus Relief Fund and erroneously omitted that this fund was a major fund. It was reported as a non major fund. Due to this error, the Auditor of State's office is giving the county a FINDING for an error that was made by a department within their own office.

**Anticipated Completion Date:**

n/a

**Responsible Contact Person:**

Lavon Wright, County Auditor

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# OHIO AUDITOR OF STATE KEITH FABER



**PREBLE COUNTY**

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

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



**Certified for Release 11/4/2021**

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

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