



OHIO AUDITOR OF STATE
KEITH FABER



**HARDIN COUNTY
DECEMBER 31, 2019**

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DECEMBER 31, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Hardin County
One Courthouse Square, Suite 250
Kenton, Ohio 43326

To the Board of County Commissioners:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component unit, Hardin County Housing Development, Inc. which represents 29 percent, of the assets/net position and 25 percent of the receipts of the aggregate discretely presented component unit column. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Hardin County Housing Development, Inc., is based solely on the report of the other auditor. 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.

Efficient • Effective • Transparent

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio, as of December 31, 2019, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

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

The County presents budgetary comparison schedules for the General, Pike Repair, Job and Family Services, and the Hardin County Board of Developmental Disabilities (HCBDD) funds. These schedules provide additional analysis and are not a required part of the basic financial statements.

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

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2020, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 6, 2020

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HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 UNAUDITED

The discussion and analysis of Hardin County's (the County) financial performance provides an overview of the County's financial activities for the year ended December 31, 2019, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 11.

Financial Highlights

Key financial highlights for 2019 are as follows:

Overall:

- Total net position increased \$1,297,987 with Governmental Activities increasing by \$1,379,790 and Business-Type Activities decreasing by \$81,803.
- Total cash receipts were \$34,643,209 in 2019. Total cash disbursements were \$33,345,222 in 2019.

Governmental Activities:

- Total cash receipts were \$28,954,584 in 2019, while cash disbursements were \$27,574,794 for the increase of \$1,379,790.
- Public Works and Human Services related programs had the largest cash disbursements totaling \$15,266,658 in 2019.

Business-Type Activities:

Cash receipts were \$5,688,625 for Business Activities, while corresponding cash disbursements were \$5,770,428 for the decrease of \$81,803. Hardin Hills net cash position decreased by \$82,731, Waste Transfer Station net cash position decreased by \$11,824, and Sewers net cash position increased by \$12,752.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *Statement of Net Position-cash basis* and *Statement of Activities-cash basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which the County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government.

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 UNAUDITED (Continued)

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting considers only the current year's receipts and disbursements if the cash is received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position and the Statement of Activities, the County is divided into two distinct kinds of activities:

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

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all the cash disbursements of the goods or services provided. The County's nursing home (Hardin Hills), the Waste Transfer Station, and operation of three sewer districts are all reported as business activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds.

The County's most significant funds that have been presented as major governmental funds are the General Fund, the Pike Repair Fund, the Job and Family Services Fund, and the Hardin County Board of Developmental Disabilities (HCBDD) Fund.

Governmental Funds - Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed *view* of the County's general government operations and the basic services it provides.

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED
(Continued)**

Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs.

The County as a Whole

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Position for 2019 compared to the prior year:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Assets						
Equity in Pooled Cash & Cash Equivalents	\$ 22,959,772	\$ 21,605,052	\$ 583,778	\$ 665,581	\$ 23,543,550	\$ 22,270,633
Cash With Fiscal Agent	314,661	289,591	-	-	314,661	289,591
Total Assets	\$ 23,274,433	\$ 21,894,643	\$ 583,778	\$ 665,581	\$ 23,858,211	\$ 22,560,224
Net Cash Position						
Restricted	\$ 14,491,013	\$ 12,821,910	\$ -	\$ -	\$ 14,491,013	\$ 12,821,910
Unrestricted	8,783,420	9,072,733	583,778	665,581	9,367,198	9,738,314
Total Net Cash Position	\$ 23,274,433	\$ 21,894,643	\$ 583,778	\$ 665,581	\$ 23,858,211	\$ 22,560,224

Total assets increased by \$1,297,987 with governmental assets increasing by \$1,379,790 and Business-Type Assets decreasing by \$81,803.

Table 2 shows the changes in cash net position for year 2019:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		2019 Total	2018 Total
	2019	2018	2019	2018		
Cash Receipts						
Program Cash Receipts						
Charges for Services	\$ 4,908,611	\$ 5,898,628	\$ 5,439,831	\$ 4,958,093	\$ 10,348,442	\$ 10,856,721
Operating Grants and Contributions	11,405,339	10,023,945	-	-	11,405,339	10,023,945
Capital Grants and Contributions	1,156,401	765,863	-	-	1,156,401	765,863
Total Program Cash Receipts	17,470,351	16,688,436	5,439,831	4,958,093	22,910,182	21,646,529
General Cash Receipts and Transfers						
Property Taxes						
General Purpose	1,637,661	1,593,815	-	-	1,637,661	1,593,815
911-Public Safety	307,581	295,588	-	-	307,581	295,588
Developmental Disabilities	2,209,902	2,122,160	-	-	2,209,902	2,122,160
Sheriff Levy	449,651	433,323	-	-	449,651	433,323
Sales Taxes	4,493,591	4,337,870	-	-	4,493,591	4,337,870
Grants and Entitlements Not Restricted	1,214,637	1,659,044	-	-	1,214,637	1,659,044
Interest	633,580	464,293	-	-	633,580	464,293
Proceeds from the Sale of Assets	-	69,345	-	-	-	69,345
Miscellaneous	771,251	533,425	15,173	37,509	786,424	570,934
Transfers/Advances (Net)	(233,621)	(102,000)	233,621	102,000	-	-
Total General Cash Receipts and Transfers	11,484,233	11,406,863	248,794	139,509	11,733,027	11,546,372
Total Cash Receipt and Transfers	28,954,584	28,095,299	5,688,625	5,097,602	34,643,209	33,192,901

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED
(Continued)**

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		2019	2018
	2019	2018	2019	2018	Total	Total
Cash Disbursements						
Program Cash Disbursements						
General Government						
Legislative and Executive	4,322,032	4,399,046	-	-	4,322,032	4,399,046
Judicial	2,861,173	2,576,442	-	-	2,861,173	2,576,442
Public Safety	3,865,686	3,668,081	-	-	3,865,686	3,668,081
Public Works	6,582,327	6,592,205	-	-	6,582,327	6,592,205
Health	96,742	116,469	-	-	96,742	116,469
Human Services	8,684,331	8,756,294	-	-	8,684,331	8,756,294
Conservation and Recreation	89,925	116,459	-	-	89,925	116,459
Economic Development	1,038,963	949,628	-	-	1,038,963	949,628
Debt Service:						
Principal Retirement	33,138	42,738	-	-	33,138	42,738
Interest and Fiscal Charges	477	1,167	-	-	477	1,167
Proprietary Funds	-	-	5,770,428	5,265,453	5,770,428	5,265,453
Total Cash Disbursements	<u>27,574,794</u>	<u>27,218,529</u>	<u>5,770,428</u>	<u>5,265,453</u>	<u>33,345,222</u>	<u>32,483,982</u>
Net Increase (Decrease) in Net Cash Position	1,379,790	876,770	(81,803)	(167,851)	1,297,987	708,919
Net Cash Position at Beginning of Year	<u>21,894,643</u>	<u>21,017,873</u>	<u>665,581</u>	<u>833,432</u>	<u>22,560,224</u>	<u>21,851,305</u>
Net Cash Position at End of Year	<u>\$23,274,433</u>	<u>\$21,894,643</u>	<u>\$583,778</u>	<u>\$665,581</u>	<u>\$23,858,211</u>	<u>\$22,560,224</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 16 percent and 15 percent, respectively, of cash receipts for governmental activities for the County in fiscal year 2019. Operating grants and contributions made up 39 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. General cash receipts and transfers provide approximately 42 percent of the support for the total governmental cash disbursements as shown in Table 2. Human services activities are supported 71 percent through charges for services, operating grants and contributions; and capital grants and contributions. The taxpayers and the State of Ohio provide most resources for the County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED
(Continued)**

**Table 3
Total Cost of Program Services
Governmental Activities and Business-Type Activities**

	Total Costs of Services		Net Cost of Services	
	2019	2018	2019	2018
Cash Disbursements				
Program Cash Disbursements				
Legislative and Executive	\$ 4,322,032	\$ 4,399,046	\$ 3,283,357	\$ 3,104,769
Judicial	2,861,173	2,576,442	1,093,392	1,018,198
Public Safety	3,865,686	3,668,081	3,197,496	3,058,567
Public Works	6,582,327	6,592,205	32,881	50,299
Health	96,742	116,469	(145,476)	(101,840)
Human Services	8,684,331	8,756,294	2,535,435	3,004,333
Conservation and Recreation	89,925	116,459	89,925	114,717
Economic Development	1,038,963	949,628	(16,182)	237,145
Debt Service:				
Principal Retirement	33,138	42,738	33,138	42,738
Interest and Fiscal Charges	477	1,167	477	1,167
Total Cash Disbursements - Governmental	27,574,794	27,218,529	10,104,443	10,530,093
Business-Type Activities				
Proprietary Funds	<u>\$ 5,770,428</u>	<u>\$ 5,265,453</u>	<u>\$ 330,597</u>	<u>\$ 307,360</u>

The County's Funds

Financial statement information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$30,753,836 and cash disbursements and other financing uses of \$29,374,046. The net change in the general fund balance for the year decreased \$255,929 where the cash balance went from \$8,001,223 in 2018 to 7,745,294 for 2019. This was mainly due to a \$1,000,000 transfer to the Permanent Improvement Fund for future capital projects.

The Pike Repair, Job and Family Service and Hardin County Board of Developmentally Disabilities Funds had increases (decreases) in net position of (\$52,163), (\$23,140), and \$19,051, respectively.

All enterprise funds had total operating cash receipts, advances in and transfers in of \$5,688,625 and operating cash disbursements of \$5,770,428 resulting in a decrease in net position of \$81,803.

General Fund Budgeting Highlights

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

For the general fund, final actual cash basis receipts and other financing sources were \$9,655,906; final budget estimates were \$8,582,300. Of this \$1,073,606 positive variance, an increase in Sales Taxes of \$493,591 and Interest Income of \$233,563, were the largest operating variance.

Total actual disbursements and other financing uses on the budget basis (cash outlays and encumbrances) were \$10,081,597, which is \$695,326 less than the final appropriations of \$10,776,923.

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as part of the capital outlay disbursements.

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds and loans. At December 31, 2019 the County had \$194,152 in bonds and related long-term debt for Governmental Activities. Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for the past two years:

**Table 4
Outstanding Debt at December 31
Governmental Activities**

	<u>2019</u>	<u>2018</u>
General Obligation/Special		
Assesment Bonds	\$7,650	\$16,200
OPWC Loans	<u>186,502</u>	<u>211,090</u>
Totals	<u>\$194,152</u>	<u>\$227,290</u>

Current Financial Related Activities

The County is stable financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, the County could be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County.

In addition, the County's system of budgeting and internal controls will be watched very closely if revenue becomes limited over the next few years. All the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Michael T. Bacon, County Auditor at Hardin County, One Courthouse Square, Suite 250, Kenton, Ohio 43326-2398 or by e-mail at hcaudit@co.hardin.oh.us. Monthly financial reports for Hardin County are also available on the County's website at www.co.hardin.oh.us.

HARDIN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2019

	Primary Government			Component Unit Totals
	Governmental Activities	Business - Type Activities	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$22,959,772	\$583,778	\$23,543,550	
Cash and Cash Equivalents in Segregated Accounts				\$202,525
Cash with Fiscal Agent	314,661		314,661	
Total Assets	<u>\$23,274,433</u>	<u>\$583,778</u>	<u>\$23,858,211</u>	<u>\$202,525</u>
Net Position				
Restricted for:				
Debt Service	17,104		17,104	
Capital Projects	17,671		17,671	
Other Purposes	14,456,238		14,456,238	
Unrestricted	8,783,420	583,778	9,367,198	202,525
Total Net Position	<u>\$23,274,433</u>	<u>\$583,778</u>	<u>\$23,858,211</u>	<u>\$202,525</u>

See accompanying notes to the basic financial statements.

HARDIN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government				
Legislative and Executive	\$4,322,032	\$989,226	\$49,449	
Judicial	2,861,173	968,045	799,736	
Public Safety	3,865,686	417,012	251,178	
Public Works	6,582,327	1,794,742	4,653,448	\$101,256
Health	96,742	147,218	95,000	
Human Services	8,684,331	592,368	5,556,528	
Conservation and Recreation	89,925			
Economic Development	1,038,963			1,055,145
Debt Service:				
Principal Retirement	33,138			
Interest and Fiscal Charges	477			
Total Governmental Activities	<u>27,574,794</u>	<u>4,908,611</u>	<u>11,405,339</u>	<u>1,156,401</u>
Business Type Activities				
Hardin Hills	4,765,219	4,667,315		
Waste Transfer Station	959,885	714,440		
Sewers	45,324	58,076		
Total Business Type Activities	<u>5,770,428</u>	<u>5,439,831</u>	<u>0</u>	
Total Primary Government	<u>33,345,222</u>	<u>10,348,442</u>	<u>11,405,339</u>	<u>1,156,401</u>
Component Units:				
Airport	350,055	105,552	258,210	
Hardin Housing	90,593	63,724	58,969	
Total Component Units	<u>\$440,648</u>	<u>\$169,276</u>	<u>\$317,179</u>	

General Cash Receipts and Transfers/Advances

Property Taxes Levied for:

General Purpose
911 - Public Safety
Hardin County Board of Developmental Disabilities
Sheriff Levy
Sales Taxes
Grants and Entitlements not Restricted for Specific Purposes
Interest
Transfers In / (Out)
Miscellaneous
Total General Receipts and Transfers

Changes in Net Cash Position

Net Cash Position Beginning of Year

Net Cash Position End of Year

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General	Pike Repair Fund	Job and Family Services Fund	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$7,745,294	\$1,466,463	\$247,581	\$3,323,901	\$10,176,533	\$22,959,772
Cash with Fiscal Agent				314,661		314,661
<i>Total Cash Assets</i>	<u>7,745,294</u>	<u>1,466,463</u>	<u>247,581</u>	<u>3,638,562</u>	<u>10,176,533</u>	<u>23,274,433</u>
Fund Balances						
Nonspendable	22,384					22,384
Committed	11,000				1,840,891	1,851,891
Restricted		1,466,463	247,581	3,638,562	8,335,642	13,688,248
Assigned	918,023					918,023
Unassigned	6,793,887					6,793,887
<i>Total Cash Fund Balances</i>	<u>\$7,745,294</u>	<u>\$1,466,463</u>	<u>\$247,581</u>	<u>\$3,638,562</u>	<u>\$10,176,533</u>	<u>\$23,274,433</u>

See accompanying notes to the basic financial statements.

HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Pike Repair Fund	Job and Family Services	HCBD Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property Taxes	\$1,637,661			\$2,209,902	\$757,232	\$4,604,795
Intergovernmental	1,214,637	\$4,649,948	\$2,785,820	1,407,369	3,796,103	13,853,877
Investment Income	608,563	23,394			1,623	633,580
Licenses and Permits	1,677				203,329	205,006
Fines and Forfeitures	16,587	32,623			341,592	390,802
Special Assessments					924,072	924,072
Charges for Services	1,396,792	562,449	282,397	78,418	991,175	3,311,231
Sales Tax	4,493,591					4,493,591
Miscellaneous	302,056	137,048	11,106	126,865	194,176	771,251
Total Receipts	9,671,564	5,405,462	3,079,323	3,822,554	7,209,302	29,188,205
Cash Disbursements						
Current:						
General Government:						
Legislative and Executive	3,742,204				579,828	4,322,032
Judicial	1,962,183				898,990	2,861,173
Public Safety	2,667,718				1,197,968	3,865,686
Public Works	32,187	5,433,037			1,117,103	6,582,327
Health					96,742	96,742
Human Services	307,261		3,102,463	3,803,503	1,471,104	8,684,331
Conservation and Recreation	66,897				23,028	89,925
Economic Development and Assistance					1,038,963	1,038,963
Debt Service:						
Principal Retirement					33,138	33,138
Interest and Fiscal Charges					477	477
Total Disbursements	8,778,450	5,433,037	3,102,463	3,803,503	6,457,341	27,574,794
Cash Receipts Over (Under) Cash Disbursements	893,114	(27,575)	(23,140)	19,051	751,961	1,613,411
Other Financing Sources (Uses)						
Advances In	182,000		115,000		80,013	377,013
Advances Out	(167,013)		(115,000)		(95,000)	(377,013)
Transfers In					1,188,618	1,188,618
Transfers Out	(1,164,030)	(24,588)			(233,621)	(1,422,239)
Total Other Financing Sources (Uses)	(1,149,043)	(24,588)			940,010	(233,621)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(255,929)	(52,163)	(23,140)	19,051	1,691,971	1,379,790
Cash Fund Balances - Beginning of Year	8,001,223	1,518,626	270,721	3,619,511	8,484,562	21,894,643
Cash Fund Balances - End of Year	<u>\$7,745,294</u>	<u>\$1,466,463</u>	<u>\$247,581</u>	<u>\$3,638,562</u>	<u>\$10,176,533</u>	<u>\$23,274,433</u>

See accompanying notes to the basic financial statements.

HARDIN COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2019

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Cash Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>\$510,440</u>	<u>\$73,338</u>	<u>\$583,778</u>
Net Position:			
Unrestricted	<u><u>\$510,440</u></u>	<u><u>\$73,338</u></u>	<u><u>\$583,778</u></u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND NET POSITION - CASH BASIS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Cash Receipts:			
Charges for Services	\$4,667,315	\$772,516	\$5,439,831
Other Operating Receipts	15,173		15,173
Total Operating Cash Receipts	<u>4,682,488</u>	<u>772,516</u>	<u>5,455,004</u>
Operating Cash Disbursements:			
Personal Services	2,568,861	192,156	2,761,017
Fringe Benefits	778,179	77,762	855,941
Contractual Services	122,946	173,392	296,338
Materials and Supplies	567,708	44,459	612,167
Other Operating Expenses	707,525	313,230	1,020,755
Capital Outlay	20,000	204,210	224,210
Total Operating Cash Disbursements	<u>4,765,219</u>	<u>1,005,209</u>	<u>5,770,428</u>
Operating (Loss)	(82,731)	(232,693)	(315,424)
Transfers In		233,621	233,621
Changes in Net Position	<u>(82,731)</u>	928	<u>(81,803)</u>
Net Position - Beginning of Year	<u>593,171</u>	<u>72,410</u>	<u>665,581</u>
Net Position - End of Year	<u><u>\$510,440</u></u>	<u><u>\$73,338</u></u>	<u><u>\$583,778</u></u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2019

	<u>Private Purpose Trust</u>	<u>Agency</u>
Cash Assets:		
Equity in Pooled Cash and Cash Equivalents	\$348,832	\$3,374,644
Cash and Cash Equivalents in Segregated Accounts		167,307
Total Cash Assets	<u>348,832</u>	<u>3,541,951</u>
Net Position:		
Restricted:		
Expendable	162,551	
Nonexpendable	186,281	
Undistributed Assets		3,541,951
Total Net Position	<u>\$348,832</u>	<u>\$3,541,951</u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Private Purpose Trust</u>
Cash Additions:	
Contributions	\$27,412
Investment Income	1,705
Total Cash Additions	<u>29,117</u>
Cash Deductions:	
Payments in Accordance with Trust Agreements	<u>31,831</u>
Total Cash Deductions	<u>31,831</u>
Change in Net Position	(2,714)
Net Position - Beginning of Year	<u>351,546</u>
Net Position - End of Year	<u><u>\$348,832</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. DESCRIPTION OF THE REPORTING ENTITY

Hardin County (the County) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected board of county commissioners. A county auditor and county treasurer are responsible for fiscal control of the resources of the County that are maintained in the funds described below. Services provided by the County include public protection (sheriff and courts); human services; repair, maintenance and construction of roads, ditches and bridges; disposal transfer services; and developmental disabilities educational services.

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", as amended by GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34". The combined financial statements include all funds, agencies, boards, and commissions for which the County and the County Commissioners are "accountable".

A. Component Units

Hardin County Housing Development, Inc.

Hardin County Housing Development, Inc. (HCHD) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The HCHD, under a contractual agreement with its affiliate the Hardin County Board Developmental Disabilities (HCBDD), provides capital facilities and hygiene services for adults with developmental disabilities in the County. The Hardin County Board of DD provides the staff salaries, transportation, equipment and other funds as necessary for the operation. Based on the significant services and resources provided by the County to the HCHD and HCHD's sole purpose of aiding developmentally disabled adults of Hardin County, HCHD is a component unit of the County. Complete financial statements can be obtained from Joanne Longbrake, Finance Manager, at the administrative offices at 705 Ida Street, Kenton, Ohio.

Hardin County Airport Authority

The Hardin County Airport Authority provides air transportation and commercial travel for the general population and surrounding businesses of Hardin County. The Airport Board consists of seven members who are appointed by the Hardin County Commissioners. The airport land is owned by Hardin County. Based on the appointments and control and the significant services it provides, the Hardin County Airport Authority is a component unit of the County.

Complete financial statements can be obtained from Tammy Sherman, 20533 County Road 120, Kenton, Ohio 43326.

B. Jointly Governed Organizations

West Central Ohio Network

The West Central Ohio Network (West CON) is a regional council of government. West CON is comprised of the boards of Developmental Disabilities (DD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these DD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Developmental Disabilities. Financial information can be obtained from Lynn Wolters, Executive Director, 315 East Court, Sidney, Ohio 45365.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Hardin Regional Planning Commission:

The Hardin Regional Planning Commission (the Commission) is a jointly governed organization between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office. The County is represented by three members.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

Workforce Innovations and Opportunity Act Consortium of Auglaize, Hardin, Mercer and Van Wert Counties

The Workforce Innovation and Opportunity Act (WIOA) is designed to identify and address complex workforce development issues which transcend local governmental jurisdictional boundaries. By operating as a consortium, the member counties can better coordinate and oversee the WIOA funding and sustain the One Stop system efforts required by WIOA. The CEO's are responsible for providing consultation with the Governor on local area designation, serving as (or designating an appropriate agency to serve as) the grant recipient and fiscal agent for the WIOA funds, with liability for the misuse of these funds, and, appointing the members of the Area 8 Workforce Development Board from those nominated by the appropriate nominating agencies.

The Boards of County Commissioners of Auglaize, Hardin, Van Wert and Mercer Counties are the parties to operate within WIOA as a consortium. Each Board of Commissioners shall designate one Commissioner to serve as their representative for the region. The representatives of each Board shall meet as needed with the Workforce Development Board to approve and take other action as needed for the proper implementation and oversight of WIOA and the Area 8 workforce Development system.

The Federal WIA program is administered through the Ohio Department of Job and Family Services and operates on a state fiscal year from July 1 to June 30. Effective July 1, 2002, Auglaize County participated in a multi-county WDA with Hardin and Mercer Counties, with Mercer as the fiscal agent. Financial information can be obtained from Randy Grapner, Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

Hardin County Family and Children First Council

The Hardin County Family and Children First Council (FCFC) provide services to multi-need youth in the County. Members of the council include the Hardin County Board of Developmental Disabilities, Mental Health Board, Hardin County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Head Start, Kenton-Hardin County Board of Health, Kenton City Schools, Hardin County Human Services, Hardin County Educational Service Center and the Ohio Department of Youth Services. The operation of the council is controlled by an advisory committee, which consists of a representative from each agency. Funding comes mainly from the State of Ohio. Financial information can be obtained from John Folk, Director, 175 W. Franklin Street, Suite 150, Kenton, Ohio 43326-2398.

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Logan County Juvenile Detention Center

The Logan County Juvenile Detention Center (JDC), is a jointly established non-profit corporation who's general-purpose is to allow for the constitutional detention of juvenile persons. Hardin County uses this center for detention of juvenile persons living in Hardin County.

The JDC is governed by a five-member board consisting of the Juvenile Judge and a County Commissioner from each participating county (Logan and Hardin). The Logan County Juvenile Judge shall be responsible for selecting the fifth member annually. Financial information can be obtained from the Logan County Auditor, Jack Reser, Jail Office Complex, 100 South Madriver Street, Room 103, Bellefontaine, Ohio 43311.

C. Joint Ventures:

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

The Mental Health and Recovery Services Board (MHRSB) of Allen, Auglaize, and Hardin Counties, is a tri-county non-profit corporation whose general-purpose is to provide leadership in planning for and supporting community-based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on the development of prevention and early intervention programming while respecting, protecting and advocating for the rights of persons as consumers of alcohol, drug addiction and mental health services.

The Board of Trustees consists of sixteen members. Four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining members are appointed by the County Commissioners of Allen, Auglaize, and Hardin counties in the same proportion as the County's population bears to the total population of the three counties combined. The degree of control exercised by any participating government is limited to its representation on the Board. The MHRSB is a joint venture since continued participation by the County is necessary for the continued existence.

Allen County acts as the fiscal agent for the MHRSB. The Board receives tax revenue from the three Counties and receives federal and state funding through grant monies, which are applied for and received by the board of trustees.

The MHRSB is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on members in the future. The Board has sole budgetary authority and controls surpluses and deficits and the county is not legally or morally obligated for the Board's debt.

Complete financial statements can be obtained from the Allen County Auditor, Rachael S. Gilroy, 301 North Main Street, Room 103, Lima, Ohio 45801.

Multi County Correctional Center

The Multi County Correctional Center is a jointly established non-profit corporation who's general-purpose is to allow for the humane and constitutional detention of persons who cannot be released to less restrictive alternatives. Institutional programming will provide opportunities for rehabilitation for inmates while meeting all relevant correction standards, including the Minimum Standards for Jails, in Ohio for Full-Service Facilities.

The Center is governed by a Joint County Corrections Commission. The Commission shall be a board composed of the following representatives: the President of the Board of County Commissioners, the Sheriff, and the Presiding Judge of the Court of Common Pleas or his designee from each member county.

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The Commission shall have an executive committee, construction committee, and operations committee who shall be responsible for the planning, construction, and day to day operating activities of the facility.

The Commission has no outstanding debt as of December 31, 2019. Financial information can be obtained from the Marion County Auditor, Joan M. Kasotis, 222 West Center Street, Marion, Ohio 43302.

D. Risk Pools

County Risk Sharing Authority, Inc. (CORSA)

CORSA is an Ohio nonprofit corporation includes approximately seventy counties in Ohio, for the purpose of establishing the CORSA Insurance/Self-Insurance Program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the 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 budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

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 Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group 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 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 on the group executive committee in any year, and each elected member shall be a County Commissioner.

County Employee Benefit Consortium of Ohio, Inc.

The County is participating in an insurance group purchasing pool for employee benefit plan costs, which was established under the authority granted by Section 9.833 of the Ohio Revised Code. The County Employee Benefit Consortium of Ohio, Inc. (CEBCO) was established to assist political subdivisions of the State of Ohio in controlling employee benefit plan costs.

CEBCO is responsible for obtaining and providing to members within 90 days after the last day of the fiscal year, a written report by a member of the American Academy of Actuaries concerning the benefit program.

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

This report shall certify whether the amounts reserved by CEBCO to cover potential cost of health care benefits for eligible officials, employees, and dependents are sufficient and are computed in accordance with accepted loss reserving standards. Each member political subdivision has a voting representative on the CEBCO Board.

E. Related Organizations

Mary Lou Johnson Hardin County Public Library

The Library Board is made up of seven members, four are appointed by the Commissioners of the County and three are appointed by the Common Pleas Court Judge of the County. The County is not involved in the budgeting process or operational management of the Library, nor does it subsidize or finance its operations. The County does pass through local government monies from the State of Ohio to the Library. Financial information can be obtained from Camella Hemmerly, Fiscal Officer, 325 East Columbus Street, Kenton, Ohio 43326

Hardin County Veterans Memorial Park District

The Park District Board is made up of three members, all of which are appointed by the Probate Judge of the County. The County is not involved in the budgeting process or operational management of the Park District, nor does it subsidize or finance its operations. Financial information can be obtained from Danielle Sheldon, Clerk, One Courthouse Square, Suite 210, Kenton, Ohio 43326.

F. Fiscal Agent Relationships

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, boards, and commissions. As fiscal officer, the Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the Treasurer invests public monies held on deposit in the County Treasury.

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but does not exercise primary oversight responsibility; accordingly, the following districts and agencies are presented as agency funds within the County's financial statements:

Kenton-Hardin County General Health District

The eight-member Board of Health is appointed by the District Advisory Council, which is comprised of Township Trustee Chairmen, Fiscal Officers and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County. Financial information can be obtained from the Dionne Staley, Fiscal Officer, 175 West Franklin Street Suite 120, Kenton, Ohio 43326-2398.

Soil and Water Conservation District

The five members of the District are independently elected officials. They adopt their own budget and control their separate operations. Financial information can be obtained from Kathy Bash, District Administrator, 112751 SR 309 W., Kenton, Ohio 43326.

Other Districts

The Regional Planning Commission, Council on Aging, Hardin County Veterans Memorial Park District, and the Hardin County Family and Children First Council are also not a part of the County reporting entity although they are presented as agency funds within the County's financial statements.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and reporting practices of the County conform to a comprehensive basis of accounting as applicable to governmental entities. The following is a summary of its significant accounting policies:

A. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-3 to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on another comprehensive basis of accounting (OCBOA) formerly prescribed or permitted by the Auditor of State. This cash basis is similar to cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

B. Basis of Presentation

The County's financial statements are prepared using the GASB 34 format but on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 that provide a more detailed level of financial information.

1. 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 fiduciary funds) and the discretely presented component units. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the cash basis financial condition of governmental activities, business-type activities, and component units of the County at year-end. The statement of activities presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities, business-type activities, and component units. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest received on grant or other fund balances which is required to be used to support a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County.

The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

2. 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.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

The focus of governmental and enterprise fund financial statements is on major funds rather than fund type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

3. Fund Accounting

The County uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

4. Governmental Funds

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

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

Pike Repair Fund - This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Job and Family Services Fund - This fund accounts for various federal and state grants that are used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

Hardin County Board of Developmental Disabilities (HCBDD) Fund - This fund accounts for various federal and state grants and a property tax levy used to provide assistance and training to developmentally disabled individuals.

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

5. Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities, which are similar to those, found in the private sector. Proprietary funds are classified as either enterprise or internal service. The County did not have an internal service fund.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Enterprise Funds - Enterprise funds may be used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. The following is the County's major Enterprise Fund:

Hardin Hills – This fund accounts for the daily operations of the County nursing home. Receipts are generated from resident fees and charges for services and are used to pay other agencies for services, to fund the daily costs of operations, and to provide services to the residents such as laundry, transportation, personal care items, and incidental medical supplies.

6. Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's private-purpose trust funds are amounts held in trust for individuals served by Hardin Hills and Veteran's Services. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

7. Component Units

Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or are legally separate organizations for which the nature and significance of the relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. The County's component units are reported separately, or discretely, to emphasize that they are legally separate from the County.

C. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including enterprise and fiduciary funds, are maintained in this pool. Individual fund balance integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the "Statement of Cash Basis Assets and Fund Balances" for the governmental funds, the "Statement of Fund Net Position-Cash Basis" for the enterprise funds and Statement of Fiduciary Net Position-Cash Basis for fiduciary funds.

Cash and cash equivalents that held separately within departments of the County or held by the Component units are recorded as "Cash and Cash Equivalents in Segregated Accounts".

Cash held by the West Central Ohio Network on behalf of the County is recorded as "Cash with Fiscal Agent".

During 2019, investments were limited to Federal Home Loan Bank Bond, Federal Home Loan Mortgage Corporation Note, Federal Farm Credit Bank Bond, STAR Ohio, and Certificates of Deposit. The County records all its investments at cost.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2019. STAR 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.

HARDIN COUNTY
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(Continued)

STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2019.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2019 amounted to \$608,563, which includes \$414,670 assigned from other County funds. For 2019, total interest receipts amounted to \$635,285 in which \$608,563 was recorded in the General Fund; \$23,394 was recorded in Pike Repair Fund; \$1,623 was recorded in the Help America Vote Grant Fund, and \$1,705 was recorded in the Private Purpose Trust Funds.

For presentation on the financial statements, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

D. Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported on the financial statements.

E. Compensated Absences

Vacation and sick leave benefits are not accrued and reported under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

F. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12 the employer contributions include portions for pension benefits and for postretirement health care benefits.

G. Interfund Receivables/Payables

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. Advances within governmental or business type activities are eliminated. Advances between governmental and business type activities on the government-wide statements are reported in the same manner as general receipts.

H. Health Care

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the County to offer and provide terminated or retired employees continued participation in the County's employee health care benefits program, provided that the employees pay the rate established by the plan administrator.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

I. Intergovernmental Revenues

Unrestricted intergovernmental revenues received based on entitlement are recorded as revenues when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of fixed assets in Proprietary funds are recorded as revenue when the grant is received.

The County's Department of Job and Family Services (JFS) distributes federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal "grants", however, the JFS merely acts in an intermediary capacity. Therefore, the activity and inventory value of the stamps is not reflected in the accompanying financial statements. The County's JFS distributed \$4,399,629 of federal food stamps during 2019.

J. Long-Term Obligations

Bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid.

K. 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:

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

Restricted: Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors (from external resource providers), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal enforceability means that the County can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of County Commissioners. Those committed amounts cannot be used for any other purpose unless County Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purpose with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by County Commissioners or a County official delegated that authority by resolution or state statute, and the amount of subsequent year's appropriations in excess of subsequent years estimated receipts.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

L. Net Cash Position

Net cash position consists of cash receipts and balances reduced by cash disbursements for the current year. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net position restricted for maintenance and improvement of roads, for public assistance, disabled individuals, health services, and grants. The County did not have net position restricted by enabling legislation. The County's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. In the Fiduciary Funds non-spendable net position represents the principal of trust funds that cannot be spent.

M. Interfund Transactions

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

Exchange transactions between funds are reported as cash receipts in the seller fund and cash disbursements in the purchaser funds. Flows of cash from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financial sources/uses in governmental funds and after non-operating cash receipts/disbursements in the proprietary funds.

Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

N. Pensions/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

3. ACCOUNTABILITY AND COMPLIANCE

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

4. DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute categorizes two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or 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 could be deposited or invested with certain limitations in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions of the State of Ohio, 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;

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section; commercial paper as describe in ORS section 135.143; and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash, or both cash and securities, equal value for equal value;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
 - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements and investment 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. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County.

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

At year-end, the County had \$800 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$10,916,999 of the County's bank balance of \$21,368,913 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by (1) eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment and whose market value at all times shall be at least 105 percent of the deposits being secured or (2) by participation in the Ohio Pooled Collateral System, 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Cash with fiscal agent cannot be disclosed by credit risk since it is commingled with other counties' money by the fiscal agent.

At the year-end, the bank deposits of the County's Component Units were covered by the Federal Deposit Insurance Corporation (FDIC).

B. Investments

As of December 31, 2019, the County's investments were as follows:

Description	Carrying Value	Investment Maturities (in Years)	
		Fair Value	
		Less than 1 Year	3-5 Years
Federal Home Loan Bank (FHLB) Bond	\$ 500,000		\$ 500,000
Federal Home Loan Mortgage Corp. (FHLMC) Note	1,000,000	500,000	\$ 500,000
Federal Farm Credit Bank (FFCB) Bond	499,664	-	499,664
STAR Ohio	4,487,630	4,487,630	-
Total	\$ 6,487,294	\$ 4,987,630	\$ 1,499,664

The County's investment policy addresses interest rate risk by requiring that the County's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

The County has no investment policy dealing with investment credit risk beyond the requirement in state statutes. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC135.35 (J) (2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

The County places no limit on the amount it may invest in any one issuer. All or 100% of the County's portfolio may be invested in STAR Ohio.

<u>Description</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Bank (FHLB) Bond	\$ 500,000	7.71%
Federal Home Loan Mortgage Corp. (FHLMC) Note	1,000,000	15.41%
Federal Farm Credit Bank (FFCB) Bond	499,664	7.70%
STAR Ohio	4,487,630	69.18%
Total	<u>\$ 6,487,294</u>	<u>100.00%</u>

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and public utility personal property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35 percent of appraised market value. The County Auditor reappraises all real property every six years and in between with a triennial update. Public utility real property is assessed at 35 percent of true value and public utility personal property is currently assessed at varying percentages of true value. The last reappraisal was completed in 2017 for taxes payable in 2018.

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2019, was \$12.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$12.00 per \$1,000 of assessed valuation for all other real property. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$8.91 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$11.56 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

The assessed value upon which the 2019 taxes were collected was \$661,556,310.

Real Property:	
Residential - 2018 Valuation	\$ 290,769,590
Agricultural - 2018 Valuation	256,618,250
Commercial	40,298,610
Industrial	26,383,080
Public Utilities	429,690
Tangible Personal Property - 2018 Valuation	
Public Utilities	47,057,090
Total Valuation	<u>\$ 661,556,310</u>

Real property taxes for tax year 2019 are payable annually or semi-annually. If paid annually, payment is due February 12, 2019. If paid semi-annually, the first payment is due February 13, 2019 with the remainder payable by July 10, 2019. Under certain circumstances, state statute permits earlier or later payment dates to be established.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Tax collections for and remittances to the taxing districts are accounted for in various agency funds of the County.

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

6. PROPERTY TAX ABATEMENTS

The County enters into property tax abatement agreements with local business pursuant to Ohio Revised Code Section 5709: Taxable Property – Exemptions. Under this section, localities may grant property tax abatements for the purpose of attracting or retaining businesses with their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the County.

For the year ended December 31, 2019, the County abated taxes totaling \$192,843 for the following tax abatement agreements.

An agreement was entered into with the County, the Village of Ada, and Ada Technologies, Inc. in July 2006. The agreement abates 100% of property taxes on the increase taxable value for 15 years beginning January 1, 2007 and ending on December 31, 2021. The increase taxable value consists of new construction of 50,000 square feet and requires the hiring of thirty-five additional employees. The additional annual payroll was estimated at \$672,838. This year the tax saving was \$28,602.

An agreement was entered into with the County, Buck Township, and Robinson Fin Machines, Inc. in July 2006. This agreement abates 100% of property taxes on the increase taxable value for 15 years beginning January 1, 2007 and ending on December 31, 2022. The increase taxable value consists of new construction of a facility for warehousing of 9,400 square feet and manufacturing of 4000 square feet and requires the hiring of three additional employees. The additional annual payroll was estimated at \$80,000. This year the tax savings was \$7,136.

An agreement was entered into with the County, the Village of Ada and Harvest Pride Tortillas & Chips, LLC. in August 2012. This agreement abates 75% property tax on the increase taxable value for 10 years beginning January 1, 2014 and ending December 31, 2023. This increase taxable value consists of new construction of \$850,000 of 20,000 square feet for the consolidation of its operations and requires the hiring of fifteen additional employees. This year the tax savings was \$10,816.

An agreement was entered into by Hardin County and IP CBPR Properties 2 LLC (International Paper) in July 2014. This agreement abates 100% property tax on the increase taxable value for 15 years and will not extend beyond December 31, 2030. This increase taxable value consists of new construction of 250,000 square feet to house its manufacturing and warehouse operations and to permit consolidation of its operations and expansion of its product lines. In addition, International Paper will purchase and install new machinery and equipment of approximately \$45,000,000. International Paper shall create the equivalent of 125 new full-time permanent job opportunities and use its best efforts to retain 532 existing full-time equivalent jobs. The increase in the number of employees will result in approximately \$4,216,000 of additional annual payroll. This year the tax savings was \$132,479.

An agreement was entered into by Hardin County and Associated Plastics Corporation in 2016. This agreement abates 75% property tax on the increase taxable value for 10 years and will not extend beyond December 31, 2027. This increase taxable value consists of adding additional space to their building and hiring new ten full-time permanent employees for an additional payroll of approximately \$400,000 per year. This year the tax savings was \$13,810.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

7. PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution have imposed a one percent and one-half percent tax on retail sales made in the County effective January 1, 2005. Vendor collections of the tax are paid to the State Treasury by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's Certification must be made within forty-five days after the end of the month. The State then has five days in which to draw the warrant payable to the County. Sales and use tax revenue for 2019 amounted to \$4,493,591 and is recorded in the General Fund.

8. SHORT TERM DEBT

There is no new short-term debt in 2019.

9. LEASE-PURCHASE AGREEMENTS

In March 2018, the County entered into a lease-purchase financing agreement with Ford Motor Credit Company to finance the acquisition of five sheriff cruisers at a cost of \$119,291 at 6.50% interest. The Lease requires the County to make payments of principal and interest each June beginning June 2018 and ending September 2020. The County special Sheriff Levy Fund will be used to pay the principal and interest portions of the lease. The amount outstanding at December 31, 2019 is \$38,850.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of December 31, 2019:

Year Ending December 31,	Principal	Intterest	Total
2020	38,850	2,525	41,375
Total	\$ 38,850	\$ 2,525	\$ 41,375

10. LONG TERM DEBT

The County's long-term debt at year-end consisted of special assessment bonds and Ohio Public Works Commission (OPWC) Loans, which are shown below. At the present time there is no long-term debt in the enterprise funds.

The County's long-term debt transactions for the year ended December 31, 2019, are summarized below:

	Debt Principal Outstanding 01/01/19	Debt Principal Issued	Debt Principal Retired	Debt Principal Outstanding 12/31/2019\
Special Assessment Bonds with Government Commitment	\$ 16,200	\$ -	\$ 8,550	\$ 7,650
OPWC Loans	211,090	-	24,588	186,502
Total	\$ 227,290	\$ -	\$ 33,138	\$ 194,152

The Special Assessment ditch bonds were used to construct and improve ditches and will be retired through assessments against benefited property owners. Each appropriate bond indenture provides for principal and interest to be paid from assessment collections. If the property owners default on their special assessment obligations, the County is obligated to meet the debt service requirements from County funds.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

During 2009 the County completed a road project which was financed in the amount of \$191,768 with an OPWC loan to the County. The loan is scheduled for repayment over a twenty-year period that began in July 2008.

In 2011, the County issued a Special Assessment taxable bond. It was for the purpose of paying the cost of constructing improvements to Taylor Creek Ditch in the amount of \$17,800.

In 2015, the County issued Special Assessment taxable bonds. These were for the purpose of paying the cost of constructing improvement to Steinle Ditch in the amount of \$22,100, McClaren Tri Ditch in the amount of \$12,300 and Jones Ditch in the amount of \$6,300.

In 2016, the County issued Special Assessment taxable bonds. These were for the purpose of paying the cost of constructing improvement to Karg Ditch in the amount of \$7,700, John Hancock Ditch in the amount of \$2,768, Meyer Ditch in the amount of \$78, Osborn Ditch in the amount of \$2,509 and Lonas Ditch in the amount of \$545. The Meyer, Osborn and Lonas bonds were paid off in previous years.

During 2016 the County completed a road project which was financed in the amount of \$150,000 with an OPWC loan to the County. The loan is scheduled for repayment over a ten-year period.

The following are descriptions of the bonds and loans that existed in 2019 and were outstanding as of December 31, 2019:

Description	Issue Date	Issue Rate %	Original Amount	2019 Amount Paid	Outstanding Amount	Maturity Date
Special Assessment Bonds:						
Taylor Creek	2011	5.50%	17,800	1,700	-	2019
Steinle Ditch	2015	2.25%	22,100	3,400	3,400	2020
McClaren Tri Ditch	2015	3.00%	12,300	750	750	2020
Jones Ditch	2015	3.00%	6,300	900	900	2020
Karg Ditch	2016	3.00%	7,700	1,324	2,600	2021
John Hancock Ditch	2016	3.00%	2,768	476	-	2021
Total Special Assessment Bonds				<u>8,550</u>	<u>7,650</u>	
Loans						
OPWC Loan	2008	0.00%	191,768	9,588	81,502	2028
OPWC Loan	2016	0.00%	150,000	15,000	105,000	2026
Total Loans				<u>24,588</u>	<u>186,502</u>	
Total Bonds and Loans				<u>\$ 33,138</u>	<u>\$ 194,152</u>	

The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2019, including interest payments of \$243 are as follows:

	Special Assessment Bonds with Government Commitment		OWPC Loans
	Principal	Interest	Principal
	2020	\$ 6,350	\$ 204
2021	1,300	39	24,588
2022	-	-	24,588
2023	-	-	24,588
2024	-	-	24,588
2025-2028			<u>63,562</u>
Total	<u>\$ 7,650</u>	<u>\$ 243</u>	<u>\$ 186,502</u>

On March 6, 2014, the County advanced \$200,000 from the General Fund to the Dog & Kennel Fund for the purpose of constructing a new building for the dog pound. On November 20, 2014, \$120,000 was advanced back to the General fund from the Dog & Kennel fund. On May 12, 2016 the County Commissioners approved the remaining \$80,000 plus 2% interest to be repaid by the Dog & Kennel fund with annual payments made each February until the advance is repaid.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

The annual requirements to repay the balance of \$20,000 outstanding as of December 31, 2019, including interest payment of \$500 are as follows:

Dog & Kennel Fund Advance Repayment Schedule		
	Advance Payment	Interest
2020	\$ 15,000	\$ 400
2021	5,000	100
Total	\$ 20,000	\$ 500

Net General Obligation Debt- 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 shall never 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, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2019 are an overall debt margin of \$14,827,652 and an un-voted debt margin of \$66,156.

11. DEFINED BENEFITS PENSION PLAN

A. Net Pension Liability

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

The net pension liability represents the County's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. The Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the way pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation, including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit receipts.

**HARDIN COUNTY
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(Continued)**

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing multiple-employer defined benefit pension plan.

The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA 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 purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2019 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

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

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

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

The County's contractually required contributions were \$1,876,187 and \$1,760,306 for 2019 and 2018 respectively.

Net Pension Liability

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

Current Measurement Date	0.087926%
Prior Measurement Date	<u>0.087802%</u>
Changes in Proportional Share	0.000124%
Proportional Share of the Net Pension Liability	\$ 24,081,173

Actuarial Assumptions

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 provide at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018, are presented below.

HARDIN COUNTY
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(Continued)

<u>Measurement and Valuation Date</u>	<u>OPERS Traditional Plan</u>
Actuarial Cost Method	individual entry age
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Wage inflation	3.25 percent

In October, the OPERS Board adopted a change in the investment rate of return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective with the 2018 valuation.

Pre-retirement mortality rates were 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.

Postretirement mortality rates were 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. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation 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 were determined by applying the MP-2015 mortality improvement scale to all the above described tables.

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional 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 expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94 percent for 2018.

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

The table below displays the board approve asset allocation policy for 2018 and the long-term expected real rates of return.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employees are made at the statutorily 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

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

<u></u>	<u>1% Decrease 6.2%</u>	<u>Current Discount Rate 7.2%</u>	<u>1% Increase 8.2%</u>
County’s Proportionate Share of the Net Pension Liability	\$ 35,574,860	\$ 24,081,173	\$ 14,529,772

State Teachers Retirement Systems

Net Pension Liability

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - HCBDD's licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org

New members have a choice of three retirement plan options: a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP) and Combined Plan (CP). Benefits are established by the Ohio Revised Code Chapter 3307.

The DBP Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living was reduced to zero percent to preserve the fiscal integrity of the retirement system. Benefits recipient's base benefit and past cost-of-living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 service credit and at least age 60.

The DCP allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and 2 percent goes to the DBP. Member contributions to the DCP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty or later.

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

**HARDIN COUNTY
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(Continued)**

A DBP or CP member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The HCBDD's contractually required contribution to STRS was \$61,820 and \$57,965 for fiscal year 2019 and 2018, respectively.

Net Pension Liability Portion

The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hardin County Board of DD's proportion of the net pension liability was based on the Hardin County Board of DD's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	STRS
Proportion of Net Pension Liability Prior Measurement Date	0.00351106%
Proportion of the Net Pension Liability Current Measurement Date	0.00364203%
Change in Proportionate Share	-0.00013097%
Proportionate Share of the Net Pension Liability	\$ 800,801

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017 are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

Retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement MP-2016.

Actuarial assumptions used in the July 1 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation**</u>	<u>10 Year Expected Nominal Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

<u>County's Proportionate Share of the Net Pension Liability</u>	<u>1% Decrease 6.45%</u>	<u>Current Discount Rate 7.45%</u>	<u>1% Increase 8.45%</u>
	\$ 1,169,464	\$ 800,801	\$ 488,777

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2019, none have elected Social Security.

12. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. The net OPEB liability has been disclosed below.

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 net OPEB liability represents the County's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position.

The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting 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 way OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems, to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The health care coverage provided by OPERS meets the definition of an "Other Post Employment Benefit" (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of the employer contribution to health care for the traditional plan and the combined plan. The 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 of the member directed plan was 4 percent for 2019.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$0 for 2019.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

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Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

	<u>OPERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.083720%	0.0036420%	
Prior Measurement Date	<u>0.083770%</u>	<u>0.0035111%</u>	
Change in Proportionate Share	<u>-0.0000500%</u>	<u>0.0001309%</u>	
	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (asset)	<u>\$10,915,414</u>	<u>(\$58,524)</u>	<u>\$10,856,890</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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.96 percent
Prior measurement date	3.85 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Current Measurement Date	10 percent initial 3.25 percent ultimate in 2029
Prior Measurement Date	7.25 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

In October 2018, the OPERS Board adopted a change in the investment rate of return assumption reducing it from 6.5 percent to 6 percent. The change was effective beginning with the 2018 valuation.

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 calendar year are determined by applying the MP-2015 mortality improvement scale to all the above described tables.

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

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

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

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

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

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017.

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

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

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

	1% Decrease █ (2.96%)	Current █ Discount Rate (3.96%)	1% Increase █ (4.96%)
County's proportionate share of the net OPEB liability	\$13,964,496	\$10,915,414	\$8,490,045

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation.

On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
\$10,491,790	\$10,915,414	\$11,402,664

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018 actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Pre-Medicare	Initial 6 percent, Ultimate 4 percent
Medicare	Initial 5 percent, Ultimate 4 percent
Prescription Drug	
Pre-Medicare	Initial 8 percent, Ultimate 4 percent
Medicare	Initial -5.23 percent, Ultimate 4 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB Statement No.74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capital health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursements for one year.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation **</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017

Sensitivity of the County's Proportionate Share of the Net Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	(\$50,160)	(\$58,524)	(\$65,553)
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$65,156)	(\$58,524)	(\$51,788)

13. REVOLVING LOANS

The County makes special efforts to attract out of area companies to the County to increase the number of firms and employees working in the County. Incentives are in the form of low interest revolving loans, deferred loan payments and interest and tax abatements which are offered to attract prospective firms. The revolving loans are secured by mortgages on the property.

Currently there are no revolving loans outstanding at December 31, 2019.

14. RISK MANAGEMENT

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

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of approximately seventy counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program. Member counties agree to jointly participate in the coverage of losses and pay all contributions necessary for the specified insurance coverage provided CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Coverage provided is as follows:

General Liability - Each Occurrence	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Ohio Stop Gap Employer' Liability	1,000,000
Employee Benefits Liability	1,000,000
Privacy and Security Liability	1,000,000
Privacy Response Expenses	500,000
Claims Expenses, Regulatory Processings/Penalties	250,000
PCI-DSS Assessments	250,000
Attorney Disciplinary Proceedings	25,000
Declaratory, Injunctive or Equitable Relief	25,000
Real and Personal Property	126,949,422
Equipment Breakdown	100,000,000
Business Income/Extra Expense	2,500,000
Gross Earnings/Extra Expense	2,500,000
Contingent Business Interruption	100,000
Crime Coverage (Employee Dishonesty, Computer Fraud)	1,000,000
Public Officials Liability	1,000,000
Uninsured/Underinsured Motorists	250,000
General Liability/Medical Professional Liability for County I	3,000,000
Sewer Lines	500,000
Property Valuation	1,000
Law Enforcement Crimes	32,000
Fine Arts	1,252,700
Dog Warden Blanket Bond	2,000
Extra Expenses - Business Interruption	100,000
EDP Media	100,000
Flood	100,000,000
Earthquake/Earth Movement	100,000,000
Money and Securities	1,000,000
Accounts Receivable	1,000,000
Automatic Acquisition	5,000,000
Pollutant Cleanp/Removal	10,000
Errors and Omissions	250,000
Mobile Medical Equipment	250,000
Property in Transit	100,000
Service Interruption Property Damage	2,500,000
Valuable Papers	2,500,000

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation, dental, and prescription. Settled claims resulting from these risks have not exceeded CORSA's and commercial insurance coverage in any of the past three fiscal years.

Employees of the Hardin County Board of Developmental Disabilities (HCBDD) Board are covered by the County Boards Association (CBA) Benefit Services.

**HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

15. INDIVIDUAL COMPONENT UNIT DISCLOSURE

The following schedule shows summary information of the two components of Hardin County, the Airport Authority and the Hardin Housing Development, Inc.:

**Condensed Statement of Cash Receipts, Cash Disbursements and
Changes in Net Cash Position**

	<u>Airport Authority</u>	<u>Hardin Housing</u>	<u>Totals</u>
Program Cash Receipts	\$ 363,762	\$ 122,693	\$ 486,455
Non-Operating Cash Receipts	71		71
Program Cash Disbursements	<u>(350,055)</u>	<u>(90,593)</u>	<u>(440,648)</u>
Changes in Net Cash Position	13,778	32,100	45,878
Net Cash Position Beginning of Year	<u>130,688</u>	<u>25,959</u>	<u>156,647</u>
Net Cash Position End of Year	<u>\$ 144,466</u>	<u>\$ 58,059</u>	<u>\$ 202,525</u>

A. Hardin County Airport Authority

Accounting Basis

The financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Airport recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is required.

Fund Accounting

The Airport classifies its one fund as an enterprise fund. Enterprise funds account for operations that are similar to private business enterprises, where management intends to recover the significant of providing certain goods or services through user charges.

Deposits and Investments

The Airport maintained all money in a checking account which is valued at cost. The carrying amount of deposits at December 31 was \$144,466. Deposits are insured by the Federal Depository Insurance Corporation.

Capital Assets

The Airport records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

B. Hardin County Housing Development, Inc.

Accounting Basis

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Financial statements are prepared using the accrual basis of accounting. For purposes of presentation within the County financial statements, cash activity has been presented.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Fund Accounting

The one operating fund includes restricted resources for reporting income and expense and represents the portion of expendable funds that is available for the budgeted operations of the organization. There are no temporary restricted funds.

Capital Assets

Property and equipment are listed at cost, net of accumulated depreciation, which is calculated using the straight-line method. Buildings are depreciated over a life of forty years, equipment over ten years and improvements over fifteen years. Assets of more than \$500 are capitalized. Items under \$500 are recorded in the expense account "Supplies".

Cash

Cash includes amounts in demand deposits. At year end the carrying amount of bank deposits was \$58,059. Of the bank balance, all was covered by federal depository insurance.

Tax-exempt Status

The Housing Development is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Service Code and classified by the Internal Revenue Service as other than a private foundation.

The Housing Development's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018, and 2019 are subject to examination by the IRS, generally for three years after they are filed.

16. RELATED PARTY TRANSACTIONS

During 2019, the County provided a subsidy to the Hardin County Housing Development, Inc. (HCHD) in the amount of \$35,000 to pay contracts of the maintenance manager and the finance manager. The County also paid \$4,000 for one-half of some new equipment.

In prior years, staff salaries, transportation, equipment and other funds were paid by the county as in-kind expenses. These expenses are now paid by HCHD.

17. COMMITMENTS - ENCUMBRANCES

The County records all encumbrances and does not have a policy of what encumbrances are considered significant encumbrances. All encumbrances are classified as assigned fund balance in the General Fund and restricted in the major and non-major governmental funds.

Encumbrances as of year-end were:

Fund	Assigned	Restricted
Major Governmental Funds:		
General	\$ 125,824	\$ -
Pike Repair		49,427
Job and Family Services		108,000
Hardin County Board of DD		18,602
Non-Major Governmental Funds	-	329,799
Totals	<u>\$ 125,824</u>	<u>\$ 505,828</u>

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

18. CONTINGENT LIABILITIES

A. Grants

The County receives significant financial assistance from numerous federal and state agencies in the form of grants.

The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2019.

B. Litigation

The County is involved in no significant litigation as either plaintiff or defendant.

C. Landfill

Each year the County engages a consultant to complete a study regarding post closure landfill costs (monitoring and maintenance of the site). This study is subject to review by the Ohio Environmental Protection Agency. Last year's study estimated that \$649,416 will be incurred over the remaining 6 of the 30-year monitoring period. Actual costs may differ due to inflation, changes in technology, or changes in regulations. The County obtained a promissory note for the face amount of the estimated post closure costs in the event fees or tax revenue would not be sufficient to cover the annual post closure costs. Presently a solid waste transfer station is operating, and transfer fees and tax revenues are financing the post closure costs.

19. FUND BALANCES

Fund balance is classified as non-spendable, 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 government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

Fund Balances	General	Pike Repair Fund	Job and Family Services Fund	HCBDD Fund	Nonmajor Governmental Funds	Total
Non-spendable:						
Unclaimed Monies	\$ 22,384	\$ -	\$ -	\$ -	\$ -	\$ 22,384
Restricted for:						
Road and Bridge Maintenance	-	1,466,463	-	-	-	1,466,463
Ditch Maintenance	-	-	-	-	1,588,070	1,588,070
Real Estate Assessment	-	-	-	-	403,083	403,083
Public Assistance	-	-	247,581	-	-	247,581
Education	-	-	-	3,638,562	-	3,638,562
Capital Improvements	-	-	-	-	17,670	17,670
Debt Service Payments	-	-	-	-	17,104	17,104
911 Services	-	-	-	-	520,993	520,993
Children Services	-	-	-	-	1,340,751	1,340,751
Other Purposes:	-	-	-	-	4,447,971	4,447,971
Total Restricted	-	1,466,463	247,581	3,638,562	8,335,642	13,688,248
Committed:						
Underground Storage	11,000	-	-	-	-	11,000
Capital Improvements	-	-	-	-	1,840,891	1,840,891
Total Committed	11,000	-	-	-	1,840,891	1,851,891
Assigned To:						
Other Purposes	918,023	-	-	-	-	918,023
Unassigned	6,793,887	-	-	-	-	6,793,887
Total Fund Balances	<u>\$ 7,745,294</u>	<u>\$ 1,466,463</u>	<u>\$ 247,581</u>	<u>\$ 3,638,562</u>	<u>\$ 10,176,533</u>	<u>\$ 23,274,433</u>

On January 24, 2013 the County Commissioners passed a Resolution (V90) to setup the Budget Stabilization fund under Ohio Revised Code 5705.13(A). As of December 31, 2019, the current fund balance was \$1,252,000 and is included as part of the unassigned balance in the General Fund. There are currently no written rules for how the money will be used other than future projects that may come up.

20. OPERATING TRANSFERS

All of the County transfers are shown below which require a resolution by the County Commissioners in order for the County Auditor to make. Transfers from the Landfill Fund were used for Waste Disposal operations. The transfers from the Pike Repair Fund were used for debt retirement on a road project. One of the County's resolutions requires monthly transfers from the General Fund to the GIS fund to finance GIS activities. The following are the transfers made in 2019:

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$ 1,164,030
Pike Repair	-	24,588
<u>Other Governmental Funds:</u>		
Indigent Guardianship	8,000	
Landfill	-	233,621
GIS	70,217	-
Information Technology	50,000	-
Emergency Management Agency	15,000	-
Keep Hardin County Beautiful	11,200	
Juvenile Court Byrne Grant	9,613	-
OPWC Debt Retirement	24,588	-
Permanent Improvement	1,000,000	-
Other Business Type Funds:		
Waste Disposal	233,621	-
Totals	<u>\$ 1,422,239</u>	<u>\$ 1,422,239</u>

21. CONDUIT DEBT

The County issues industrial development bonds on behalf of companies to finance construction of facilities. Facilities are pledged as collateral for the debt, and the bonds are payable solely from the payments received from companies on the mortgage on the facilities. No collateral, security, or commitment is provided by the County to support the debt service payments of the bonds and the bonds are not parity bonds nor are they cross-collateralized with other debt. The following are two bonds issued by the County:

In December 2013, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2013, in the amount of \$49,875,000 for the benefit of Ohio Northern University to renege and retire certain revenue financings. In 2018 a refinancing through the United States Department of Agriculture Rural Development was made and the outstanding debt at December 31, 2019 is \$16,620,000.

In October 2014, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2014, in the amount of \$18,515,000 for the benefit of Ohio Northern University to renege and retire certain revenue financings. The outstanding debt at December 31, 2019 is \$4,700,000.

The proceeds of the bonds do not constitute a general obligation, debt or bonded indebtedness of the County; neither is the full faith and credit, or taxing power of the County pledged to make repayment.

22. SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. The County's investment portfolio and the investments of the pension and other employee benefit plan in which the County participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and any recovery from emergency funding, either federal or State, cannot be estimated.

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$1,563,000	\$1,563,000	\$1,637,661	\$74,661
Sales Tax	4,000,000	4,000,000	4,493,591	493,591
Charges for Services	1,065,000	1,065,000	1,199,750	134,750
Licenses and Permits	1,500	1,500	1,677	177
Fines and Forfeitures	15,000	15,000	16,587	1,587
Intergovernmental	1,100,000	1,100,000	1,214,637	114,637
Earnings of Investments	375,000	375,000	608,563	233,563
Other	162,800	162,800	301,440	138,640
<i>Total Receipts</i>	<u>8,282,300</u>	<u>8,282,300</u>	<u>9,473,906</u>	<u>1,191,606</u>
Disbursements				
Current:				
General Government				
Legislative and Executive	3,928,400	4,039,827	3,774,393	265,434
Judicial	1,933,835	2,063,935	1,893,099	170,836
Public Safety	2,393,871	2,730,489	2,676,717	53,772
Public Works	32,263	32,263	32,187	76
Human Services	317,566	329,399	307,261	22,138
Conservation and Recreation	78,010	81,010	66,897	14,113
<i>Total Disbursements</i>	<u>8,683,945</u>	<u>9,276,923</u>	<u>8,750,554</u>	<u>526,369</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(401,645)</u>	<u>(994,623)</u>	<u>723,352</u>	<u>1,717,975</u>
Other Financing Sources (Uses)				
Advances In			182,000	182,000
Advances Out			(167,013)	(167,013)
Transfers In	300,000	300,000		(300,000)
Transfers Out	(300,000)	(1,500,000)	(1,164,030)	335,970
<i>Total Other Financing Sources (Uses)</i>		<u>(1,200,000)</u>	<u>(1,149,043)</u>	<u>50,957</u>
Net Change in Fund Balance	(401,645)	(2,194,623)	(425,691)	1,768,932
<i>Fund Balance Beginning of Year</i>	7,209,337	7,209,337	7,209,337	
Prior Year Encumbrances Appropriated	<u>103,083</u>	<u>103,083</u>	<u>103,083</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$6,910,775</u>	<u>\$5,117,797</u>	<u>\$6,886,729</u>	<u>\$1,768,932</u>

See accompanying notes to the supplementary information.

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PIKE REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$5,361,276	\$5,361,276	\$4,649,948	(\$711,328)
Fines and Forfeitures	35,000	35,000	32,623	(2,377)
Investment Income			23,394	23,394
Charges for Services	696,327	696,327	562,449	(133,878)
Miscellaneous	320,000	320,000	137,048	(182,952)
<i>Total Receipts</i>	<u>6,412,603</u>	<u>6,412,603</u>	<u>5,405,462</u>	<u>(1,007,141)</u>
Expenditures:				
Current:				
Public Works	6,312,603	6,449,269	5,482,466	966,803
<i>Total Disbursements</i>	<u>6,312,603</u>	<u>6,449,269</u>	<u>5,482,466</u>	<u>966,803</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>100,000</u>	<u>(36,666)</u>	<u>(77,004)</u>	<u>(40,338)</u>
Other Financing (Uses)				
Transfers Out	(100,000)	(50,000)	(24,588)	25,412
<i>Total Other Financing (Uses)</i>	<u>(100,000)</u>	<u>(50,000)</u>	<u>(24,588)</u>	<u>25,412</u>
Net Change in Fund Balance		(86,666)	(101,592)	(14,926)
<i>Fund Balance Beginning of Year</i>	1,427,883	1,427,883	1,427,883	
Prior Year Encumbrances Appropriated	90,743	90,743	90,743	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,518,626</u>	<u>\$1,431,960</u>	<u>\$1,417,034</u>	<u>(\$14,926)</u>

See accompanying notes to the supplementary information.

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$3,058,000	\$3,358,000	\$2,785,820	(\$572,180)
Charges for Services	235,000	235,000	282,397	47,397
Miscellaneous	20,000	20,000	11,106	(8,894)
<i>Total Receipts</i>	<u>3,313,000</u>	<u>3,613,000</u>	<u>3,079,323</u>	<u>(533,677)</u>
Disbursements:				
Current:				
Human Services	<u>3,313,000</u>	<u>3,630,334</u>	<u>3,210,463</u>	<u>419,871</u>
<i>Total Disbursements</i>	<u>3,313,000</u>	<u>3,630,334</u>	<u>3,210,463</u>	<u>419,871</u>
<i>Excess of Receipts Over (Under) Disbursements</i>		<u>(17,334)</u>	<u>(131,140)</u>	<u>(113,806)</u>
Other Financing Sources				
Advances In			115,000	115,000
Advances Out			(115,000)	(115,000)
<i>Total Other Financing Sources (Uses)</i>				
Net Change in Fund Balance		(17,334)	(131,140)	(113,806)
<i>Fund Balance Beginning of Year</i>	228,746	228,746	228,746	
Prior Year Encumbrances Appropriated	<u>41,975</u>	<u>41,975</u>	<u>41,975</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$270,721</u>	<u>\$253,387</u>	<u>\$139,581</u>	<u>(\$113,806)</u>

See accompanying notes to the supplementary information.

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
 IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 HCBDD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Taxes	\$2,010,000	\$2,010,000	\$2,209,902	\$199,902
Intergovernmental	1,053,176	1,053,176	1,142,534	89,358
Charges for Services	92,916	92,916	78,418	(14,498)
Miscellaneous	1,500	1,500	126,865	125,365
<i>Total Revenue</i>	<u>3,157,592</u>	<u>3,157,592</u>	<u>3,557,719</u>	<u>400,127</u>
Disbursements:				
Current:				
Human Services	3,774,920	3,786,471	3,582,340	204,131
<i>Total Expenditures</i>	<u>3,774,920</u>	<u>3,786,471</u>	<u>3,582,340</u>	<u>204,131</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(617,328)</u>	<u>(628,879)</u>	<u>(24,621)</u>	<u>604,258</u>
<i>Fund Balance Beginning of Year</i>	3,311,350	3,311,350	3,311,350	
Prior Year Encumbrances Appropriated	<u>18,570</u>	<u>18,570</u>	<u>18,570</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$2,712,592</u></u>	<u><u>\$2,701,041</u></u>	<u><u>\$3,305,299</u></u>	<u><u>\$604,258</u></u>

See accompanying notes to the supplementary information.

**HARDIN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019**

Budgetary presentations are included after the financial statement notes as supplementary information and report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

BUDGETARY PROCESS

A. Budget

In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

B. Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

C. Appropriations

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly before the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution that legally authorizes the expenditure of funds for respective officeholders and department heads.
3. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Ohio Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, inter-fund transfers, and other disbursements. For funds, which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation levels require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2019 and were considered routine.

HARDIN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

7. Unencumbered appropriations lapse at year-end. Contracts and purchase-type encumbrances outstanding at year-end carry their appropriations with them into the next year. Contracts and purchase-type encumbrances outstanding at year-end are recorded as expenditures on the budget basis of accounting.
8. The budgetary procedures described herein apply to all funds except the trust and agency funds.

D. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year-end are reported as assigned or restricted fund balance for subsequent year disbursements on the cash basis of accounting, compared to encumbrances outstanding at year-end reported as expenditures on the budget basis of accounting. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be re-appropriated.

E. Hardin County Board of Developmental Disabilities (HCBDD) Fund Budgetary Comparison Schedule-Actual Resources and Charges to Appropriations

Activity of the West Central Ohio Network a jointly governed organization of the County, on behalf of the County is recorded as cash receipts and cash disbursements on the financial statements. However, this activity is not included in the County’s annual budget and, therefore, is not reflected on the HCBDD Fund Budgetary Comparison Schedule.

F. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursement, and encumbrances. The Budgetary Comparison Schedule presented for the General Fund and major Special Revenue Funds are prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding encumbrances are treated as expenditures (budget basis) rather than as an assigned fund balance (cash basis).

	Net Changes in Fund Balances			
	General Fund	Pike Repair Fund	Job and Family Service Fund	HCBDD Fund
Budget Basis	\$ 6,886,729	\$ 1,417,034	\$ 139,581	\$ 3,305,299
Activity with Fiscal Agent*	-	-	-	314,661
Adjustment for Encumbrances	124,695	49,429	108,000	18,602
Funds Budgeted Elsewhere**	733,870	-	-	-
Cash Basis	<u>\$ 7,745,294</u>	<u>\$ 1,466,463</u>	<u>\$ 247,581</u>	<u>\$ 3,638,562</u>

* Cash with Fiscal Agent represents money held by West Con. Both accounts are recorded on the cash financial statements at year-end.

** As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate funds are considered part of the General Fund on a cash basis. For the County this includes the Unclaimed Monies, Recorder’s Equipment, Certificate of Title Administration, and Underground Storage Tank Funds.

HARDIN COUNTY

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

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>(Passed through Ohio Department Job and Family Services)</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5748		\$91,661
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5935		37,718
Total SNAP Cluster			<u>129,379</u>	<u>129,379</u>
Total U.S. Department of Agriculture				<u>129,379</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed through Ohio Development Services Agency)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-16-1BD-1		2,100
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-X-17-1BD-1		290,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-17-1BD-1		409,793
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-18-1BD-1		110,362
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>812,255</u>	<u>812,255</u>
Home Investment Partnerships Program	14.239	B-C-18-1BD-2		143,048
Total Home Investment Partnerships Program			<u>143,048</u>	<u>143,048</u>
Total U.S. Department of Housing and Urban Development				<u>955,303</u>
U.S. DEPARTMENT OF EDUCATION				
<i>(Passed through Ohio Department of Education)</i>				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	N/A		18,690
Special Education Preschool Grants	84.173	N/A		64,105
Total Special Education Cluster (IDEA)			<u>82,795</u>	<u>82,795</u>
Total U.S. Department of Education				<u>82,795</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed through Ohio Department Job and Family Services)</i>				
TANF Cluster				
Temporary Assistance for Needy Families	93.558	G-1819-11-5748	\$28,386	826,722
Temporary Assistance for Needy Families	93.558	G-2021-11-5935	18,763	239,886
Total TANF Cluster			<u>47,149</u>	<u>1,066,608</u>
Medicaid Cluster				
Medical Assistance Program	93.778	G-1819-11-5748		409,670
Medical Assistance Program	93.778	G-2021-11-5935		164,502
Total Medical Assistance Program				<u>574,172</u>
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program	93.778	N/A		85,135
Total Medicaid Cluster				<u>659,307</u>
<i>(Passed through Ohio Department Job and Family Services)</i>				
Adoption Assistance	93.659	G-1819-11-5748		34,997
Adoption Assistance	93.659	G-2021-11-5935		8,814
Total Adoption Assistance				<u>43,811</u>
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-1819-11-5748	26,050	26,587
Child Care and Development Block Grant	93.575	G-2021-11-5935	6,038	6,038
Total CCDF Cluster			<u>32,088</u>	<u>32,625</u>
Social Services Block Grant	93.667	G-1819-11-5748		336,257
Social Services Block Grant	93.667	G-2021-11-5935		102,040
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	93.667	N/A		25,213
Total Social Services Block Grant				<u>463,510</u>
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-1819-11-5748		9,996
Promoting Safe and Stable Families	93.556	G-2021-11-5935		4,629
Total Promoting Safe and Stable Families				<u>14,625</u>

HARDIN COUNTY

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

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>(Passed through Ohio Family and Children First)</i>				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-11-5748		24,064
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5935		10,289
Total Stephanie Tubbs Jones Child Welfare Services Program				<u>34,353</u>
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Foster Care_Title IV-E	93.658	G-1819-11-5748		172,596
Foster Care_Title IV-E	93.658	G-1819-06-0152		23,146
Foster Care_Title IV-E	93.658	G-2021-11-5935		30,026
Total Foster Care_Title IV-E				<u>225,768</u>
Child Support Enforcement	93.563	G-1415-11-5368		372,514
Total U.S. Department of Health and Human Services			<u>79,237</u>	<u>2,913,121</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>(Passed through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants	97.042	EMC-2018-PG		13,213
Emergency Management Performance Grants	97.042	EMC-2019-PG		11,016
Total Emergency Management Performance Grants				<u>24,229</u>
Total U.S. Department of Homeland Security				<u>24,229</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>(Direct Program)</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E01427-0		45,606
Total U.S. Department of Environmental Protection Agency				<u>45,606</u>
U.S. DEPARTMENT OF LABOR				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	G-1819-15-0181		2,157
Employment Service/Wagner-Peyser Funded Activities	17.207	G-2021-11-5935		450
Total Employment Service Cluster				<u>2,607</u>
Trade Adjustment Assistance	17.245	G-1819-15-0181		341
Trade Adjustment Assistance	17.245	G-2021-11-5935		71
Total Trade Adjustment Assistance				<u>412</u>
WIOA Cluster:				
WIOA Adult Program	17.258	G-1819-15-0181		32,030
WIOA Adult Program	17.258	G-2021-11-5935		54,541
Total WIOA Adult Program				<u>86,571</u>
WIOA Youth Activities	17.259	G-1819-15-0181	47,697	48,630
WIOA Youth Activities	17.259	G-2021-11-5935	11,283	15,761
Total WIOA Youth Activities			<u>58,980</u>	<u>64,391</u>
WIOA Dislocated Worker Formula Grants	17.278	G-1819-15-0181		53,851
WIOA Dislocated Worker Formula Grants	17.278	G-2021-11-5935		119,108
Total WIOA Dislocated Worker Formula Grants				<u>172,959</u>
Total WIOA Cluster			<u>58,980</u>	<u>323,921</u>
Total U.S. Department of Labor			<u>58,980</u>	<u>326,940</u>
U.S. ELECTIONS ASSISTANCE COMMISSION				
<i>(Passed through Ohio Secretary of State)</i>				
Help America Vote Act Security Grant	90.404	N/A		2,510
Total U.S. Elections Assistance Commission				<u>2,510</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>(Passed through Ohio Department of Transportation)</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	E180(460) - P.I.D. 108474		35,550
Highway Planning and Construction	20.205	E160(576) - P.I.D. 108424		15,362
Total U.S. Department of Transportation/Highway Planning and Construction Cluster				<u>50,912</u>
Total Expenditures of Federal Awards			<u>\$138,217</u>	<u>\$4,530,795</u>

The accompanying notes are an integral part of this schedule.

HARDIN COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG) - REVOLVING LOAN PROGRAM WITHOUT CONTINUING COMPLIANCE REQUIREMENTS

Hardin County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Development Services Agency. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the properties. The following represents the activity of the revolving loans, the amount of loans outstanding and the cash balance available for loan.

Small Business Revolving Loans	Loan Activity and Balances	Cash Activity and Balances
Beginning Balances January 1, 2019	\$0	\$78,952
Loan Principal Repayments / Cash Receipts		
Loan and Grant Disbursements		(22,757)
Loans Written off as Uncollectible		
Ending Balances December 31, 2019	\$0	\$56,195

See financial statement note 13 for additional loan activity details.

NOTE E - 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.

HARDIN COUNTY

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

NOTE F – COST REPORT SETTLEMENTS

During the Calendar Year 2019, Hardin County Board of Developmental Disabilities (HCBDD) received a notice for a liability owed for 2015 from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of \$4,441. The MAC Reconciliation liability was to correct errors of salary amounts provided by the HCBDD and subsequently input by the Ohio Department of Developmental Disabilities into the RMS system for calculation of the MAC payments. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting period and the liability was invoiced by the Ohio Department of Developmental Disabilities.

NOTE G – SUB-RECIPIENTS

The County passes certain federal awards received from the U.S. Department of Health and Human Services and the U.S. Department of Labor to other governments or not-for-profit agencies (sub-recipients). As Note B describes, the County reports expenditures of Federal awards to sub-recipients 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.

OHIO AUDITOR OF STATE KEITH FABER



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

Hardin County
One Courthouse Square, Suite 250
Kenton, Ohio 43326

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 cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 6, 2020, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. Our report refers to another auditor who audited the financial statements of the component unit Hardin County Housing Development, Inc. as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that the auditor separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

County's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

August 6, 2020

OHIO AUDITOR OF STATE KEITH FABER



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

Hardin County
One Courthouse Square, Suite 250
Kenton, Ohio 43326

To the Board of County Commissioners:

Report on Compliance for each Major Federal Program

We have audited Hardin 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 Hardin County's major federal programs for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

August 6, 2020

HARDIN COUNTY
SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
DECEMBER 31, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 C.F.R. § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – CFDA #14.228 TANF Cluster – CFDA #93.558 Social Services Block Grant – CFDA #93.667
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 C.F.R. §200.520?	No

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

FINDING NUMBER 2019-001

Noncompliance Citation

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

Ohio Admin. Code § 117-2-03(B) requires all counties to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). The County prepared its financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. Pursuant to Ohio Rev. Code § 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County.

To help provide the users with more meaningful financial statements, the County should prepare its financial statements according to generally accepted accounting principles.

OFFICIALS' RESPONSE:

The County has passed a resolution on March 11, 2003, volume 70, page 131 stating that all annual reports beginning fiscal 2002 and thereafter will be on a cash basis. This decision was based on the cost of preparation, conversion and audit expense. The County has estimated that it has saved nearly \$25,000 to \$35,000 annually.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

MICHAEL T. BACON

HARDIN COUNTY AUDITOR

ONE COURTHOUSE SQUARE, SUITE 250

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Rev. Code § 117.38 and Ohio Adm. Code § 117-2-03 (B) – the County did not prepare financial statements in accordance with generally accepted accounting principles. First Reported in 2002.	Not corrected	Repeated as Finding 2019-001

MICHAEL T. BACON

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Please refer to the Official's Response under the Noncompliance Citation Section.	N/A	N/A

OHIO AUDITOR OF STATE KEITH FABER



HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/6/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov