



Mary Taylor, CPA  
Auditor of State



**FINANCIAL CONDITION  
HARDIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of County Commissioners:

We have audited the accompanying 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units, HARCO Industries, Inc. which represents 33 and 32 percent respectively, and Hardin County Housing Development, Inc. which represents 18 percent and 13 percent, respectively, of the assets/net assets and revenues of the component unit column. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units, HARCO Industries, Inc. and Hardin County Housing Development, Inc. is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. The other auditors audited the financial statements of HARCO Industries in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the reports of other auditors provide a reasonable basis for our opinions.

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. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash financial position 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, as of December 31, 2008, and the respective changes in cash financial position, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis and the respective budgetary comparison for the General, Pike Repair, Job and Family Services, and Mental Retardation and Developmental Disabilities (MRDD) Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Federal Awards Expenditures presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Mary Taylor, CPA**  
Auditor of State

July 9, 2009

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
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, 2008, 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 2008 are as follows:

**Overall:**

- Total net assets decreased \$921,339 with Governmental Activities decreasing by \$1,162,270 and Business-Type Activities increasing by \$240,931.
- Total cash receipts were \$29,625,759 in 2008.
- Total cash disbursements were \$30,547,098 in 2008.

**Governmental Activities:**

- Total program cash receipts were \$15,606,022 in 2008, while program cash disbursements were \$26,181,418.
- Public Works and Human Services related programs had the largest cash disbursements totaling \$13,829,957 in 2008.

**Business-Type Activities:**

- Program cash receipts were \$4,481,893 for Business Activities, while corresponding cash disbursements were \$4,365,680. Hardin Hills contributed significantly to the increase in Net Assets in the business-type activities.

**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 Assets-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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**Reporting the County as a Whole**

**The County's Reporting Entity Presentation**

This annual report includes all activities for which Hardin 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.

**Statement of Net Assets 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 2008?" The Statement of Net Assets 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 takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets 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 Assets 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 of 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.



**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

**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 Mental Retardation and Developmental Disabilities (MRDD) 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.

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 Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Assets for 2008 compared to the prior year:

**Table 1  
Net Cash Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Assets</b>						
Equity in Pooled Cash & Cash Equivalents	\$8,184,929	\$9,399,793	\$1,327,310	\$1,086,379	\$9,512,239	\$10,486,172
Cash & Cash Equivalents in Segregated Accounts	28,868	28,253			28,868	28,253
Cash With Fiscal Agent	486,394	380,590			486,394	380,590
<b>Total Assets</b>	<b>8,700,191</b>	<b>9,808,636</b>	<b>1,327,310</b>	<b>1,086,379</b>	<b>10,027,501</b>	<b>10,895,015</b>
<b>Net Cash Assets</b>						
Restricted	7,961,945	8,521,305			7,961,945	8,521,305
Unrestricted (deficit)	738,246	1,287,331	1,327,310	1,086,379	2,065,556	2,373,710
<b>Total Net Assets</b>	<b>\$8,700,191</b>	<b>\$9,808,636</b>	<b>\$1,327,310</b>	<b>\$1,086,379</b>	<b>\$10,027,501</b>	<b>\$10,895,015</b>

Total net assets decreased \$867,514 with Governmental Activities decreasing by \$1,108,445 and Business-Type Activities increasing by \$240,931.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets for 2008 and 2007.

	<b>Change in Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>Cash Receipts</b>						
<b>Program Cash Receipts</b>						
Charges For Services	\$4,732,884	\$4,529,717	\$4,481,893	\$4,341,408	\$ 9,214,777	\$ 8,871,125
Operating Grants and Contributions	10,003,676	9,923,289			10,003,676	9,923,289
Capital Grants and Contributions	869,462	418,892			869,462	418,892
Total Program Cash Receipts	<u>15,606,022</u>	<u>14,871,898</u>	<u>4,481,893</u>	<u>4,341,408</u>	<u>20,087,915</u>	<u>19,213,306</u>
<b>General Cash Receipts and Transfers</b>						
Property Taxes:						
General Purpose	1,056,913	1,050,664			1,056,913	1,050,664
911- Public Safety	225,716	234,295			225,716	234,295
MRDD - Human Service	1,817,453	1,861,489			1,817,453	1,861,489
Sales Taxes	3,273,500	3,360,156			3,273,500	3,360,156
Special Assessment Bonds Issued		86,200				86,200
Grants and Entitlements Not Restricted	1,556,375	996,909			1,556,375	996,909
Interest Receipts	719,697	705,427			719,697	705,427
Sale of Assets	40,079	700		8,187	40,079	8,887
OPWC Loan Proceeds	191,768				191,768	
Miscellaneous	610,475	511,032	45,868	44,731	656,343	555,763
Transfers/Advances (Net)	<u>(78,850)</u>	<u>(3,600)</u>	<u>78,850</u>	<u>3,600</u>		
Total General Cash Receipts, Transfers and Advances	<u>9,413,126</u>	<u>8,803,272</u>	<u>124,718</u>	<u>56,518</u>	<u>9,537,844</u>	<u>8,859,790</u>
<b>Total Cash Receipts and Transfers</b>	<u>25,019,148</u>	<u>23,675,170</u>	<u>4,606,611</u>	<u>4,397,926</u>	<u>29,625,759</u>	<u>28,073,096</u>
<b>Cash Disbursements:</b>						
Program Cash Disbursements						
General Government						
Legislative and Executive	3,179,589	3,257,154			3,179,589	3,257,154
Judicial	2,048,791	1,850,372			2,048,791	1,850,372
Public Safety	2,931,468	2,806,466			2,931,468	2,806,466
Public Works	5,825,412	5,894,617			5,825,412	5,894,617
Health	445,813	1,120,196			445,813	1,120,196
Human Services	8,004,545	7,442,530			8,004,545	7,442,530
Conservation and Recreation	208,872	244,097			208,872	244,097
Economic Development	508,320	279,661			508,320	279,661
Capital Outlay	2,691,293	267,060			2,691,293	267,060
Debt Service:						
Principal Retirement	293,713	271,599			293,713	271,599
Interest and Fiscal Charges	43,602	46,971			43,602	46,971
Proprietary Funds			4,365,680	4,226,785	4,365,680	4,226,785
<b>Total Cash Disbursements</b>	<u>26,181,418</u>	<u>23,480,723</u>	<u>4,365,680</u>	<u>4,226,785</u>	<u>30,547,098</u>	<u>27,707,508</u>
Increase (Decrease) In Net Cash Assets	(1,162,270)	194,447	240,931	171,141	(921,339)	365,588
Net Cash Assets at Beginning of Year (Restated – See Note 17)	<u>9,862,461</u>	<u>9,614,189</u>	<u>1,086,379</u>	<u>915,238</u>	<u>10,948,840</u>	<u>10,529,427</u>
Net Cash Assets at End of Year	<u>\$8,700,191</u>	<u>\$9,808,636</u>	<u>\$1,327,310</u>	<u>\$1,086,379</u>	<u>\$10,027,501</u>	<u>\$10,895,015</u>

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED  
(Continued)**

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 12 percent and 13 percent, respectively, of cash receipts of governmental activities for Hardin County in fiscal year 2008. Operating grants and contributions made up 40 percent of cash receipts of 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. Eighty percent of human services activities are supported through charges for services and operating grants and contributions. General cash receipts provide approximately 36 percent of the support for the total governmental cash disbursements as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Hardin County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

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

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
<b>Cash Disbursements</b>				
Program Cash Disbursements				
General Government				
Legislative and Executive	\$3,179,589	\$3,257,154	(\$2,074,555)	(\$2,165,298)
Judicial	2,048,791	1,850,372	(1,110,493)	(987,193)
Public Safety	2,931,468	2,806,466	(2,412,558)	(2,473,683)
Public Works	5,825,412	5,894,617	(523,038)	(171,720)
Health	445,813	1,120,196	(174,417)	(568,606)
Human Services	8,004,545	7,442,530	(1,575,940)	(1,421,209)
Conservation and Recreation	208,872	244,097	483,699	44,175
Economic Development	508,320	279,661	(508,320)	(279,661)
Capital Outlay	2,691,293	267,060	(2,691,293)	(267,060)
Debt Service:				
Principal Retirement	293,713	271,599	(293,713)	(271,599)
Interest and Fiscal Charges	43,602	46,971	(43,602)	(46,971)
Total Cash Disbursements-Governmental	26,181,418	23,480,723	(10,575,396)	(8,608,825)
<b>Business-Type Activities</b>				
Proprietary Funds	\$4,365,680	\$4,226,785	\$ 116,213	\$ 114,623

Business-type activities are supported by program cash receipts. During 2008, program cash receipts exceeded program cash disbursements, which resulted in the above increase of \$116,213.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The County's Funds**

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 \$26,652,490 and cash disbursements and other financing uses of \$27,814,760. The net change in fund balance for the year was most significant to the General Fund where the cash balance went from \$1,287,331 in 2007 to \$738,246 for 2008. The decrease in cash balance for the General Fund can be attributed to transfers to the Permanent Improvement Fund to cover expenses related to renovations being made to the Jacob Parrott Safety and Security Center. The MRDD cash balance also changed significantly increasing from \$2,447,493 in 2007 to \$2,882,547 in 2008 due mostly to an increase in cash receipts of \$422,473.

**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, actual budget basis receipts and other financing sources were \$778,902 above final budget estimates of \$7,697,184. Of this \$778,902 difference, sales tax receipts were \$271,100 above final estimates, charges for services were \$158,457 above final estimates, investment income was \$132,827 above final estimates and various other receipt categories made up the remaining \$216,518.

Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$8,036,842, which is \$325,308 less than the final appropriated amounts.

**Capital Assets**

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as capital outlay disbursements. The County's largest capital outlay was \$2,036,002 for renovations made to the Jacob Parrott Safety and Security Center during calendar year 2008.

**Debt Administration**

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, 2008 the County had \$1,207,269 in bonds and related long-term debt for Governmental Activities. Table 4 summarizes bonds and long-term loans outstanding for Governmental Activities for the past two years:

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

	<b>2008</b>	<b>2007</b>
General Obligation/Special Assessment Bonds	\$ 662,048	\$ 886,398
OWDA Landfill Closure	355,694	406,174
OPWC Loans	189,527	16,642
Totals	<u>\$1,207,269</u>	<u>\$1,309,214</u>

**FINANCIAL CONDITION  
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Current Financial Related Activities**

Hardin 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 will 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 as revenue becomes limited over the next few years. All of 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 43326-2389. Or e-mail at [hcaudit@co.hardin.oh.us](mailto:hcaudit@co.hardin.oh.us).

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**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008**

	<u>Primary Government</u>			<b>Component Unit Totals</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$8,184,929	\$1,327,310	\$9,512,239	
Cash and Cash Equivalents in Segregated Accounts	28,868		28,868	\$137,608
Cash With Fiscal Agent	486,394		486,394	
Total Assets	<u>8,700,191</u>	<u>1,327,310</u>	<u>10,027,501</u>	<u>137,608</u>
<b>Net Assets:</b>				
<b>Restricted For:</b>				
Debt Service	134,469		134,469	
Capital Projects	201,357		201,357	
Other Purposes	7,626,119		7,626,119	
Unrestricted	738,246	1,327,310	2,065,556	137,608
Total Net Assets	<u>\$8,700,191</u>	<u>\$1,327,310</u>	<u>\$10,027,501</u>	<u>\$137,608</u>

*See accompanying notes to the basic financial statements.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
General Government				
Legislative and Executive	3,179,589	1,063,358	41,676	
Judicial	2,048,791	523,591	414,707	
Public Safety	2,931,468	333,526	185,384	
Public Works	5,825,412	1,577,483	3,724,891	
Health	445,813	363,887	74,500	\$181,843
Human Services	8,004,545	871,039	5,557,566	
Conservation and Recreation	208,872		4,952	687,619
Economic Development	508,320			
Capital Outlay	2,691,293			
<b>Debt Service:</b>				
Principal Retirement	293,713			
Interest and Fiscal Charges	43,602			
Total Governmental Activities	<u>26,181,418</u>	<u>4,732,884</u>	<u>10,003,676</u>	<u>869,462</u>
<b>Business Type Activities</b>				
Hardin Hills	3,718,941	3,893,772		
Waste Transfer Station	610,121	537,993		
Sewers	36,618	50,128		
Total Business Type Activities	<u>4,365,680</u>	<u>4,481,893</u>		
Total Primary Government	<u>30,547,098</u>	<u>9,214,777</u>	<u>10,003,676</u>	<u>869,462</u>
<b>Component Units:</b>				
Airport	414,216	125,143	106,870	
Harco Industries	137,163	93,681		
Hardin Housing	34,503	36,317		
Total Component Units	<u>\$585,882</u>	<u>\$255,141</u>	<u>\$106,870</u>	<u>\$0</u>

**General Cash Receipts and Transfers**

**Property Taxes Levied for:**

General Purpose  
911 - Public Safety  
MRDD - Human Services  
Sales Taxes  
Proceeds of Notes  
Grants and Entitlements not Restricted for Specific Programs  
Interest  
Sale of Assets  
OPWC Loan Proceeds  
Miscellaneous  
Total General Receipts

Advances  
Transfers

Total General Cash Receipts and Transfers

Changes in Net Cash Assets

Net Cash Assets Beginning of Year (Restated - See Note 17)

Net Cash Assets End of Year

See Accompanying Notes to the Basic Financial Statements.



**Net (Cash Disbursements) Cash Receipts  
and Changes in Net Cash Assets**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>	<b>Component Units</b>
(2,074,555)		(2,074,555)	
(1,110,493)		(1,110,493)	
(2,412,558)		(2,412,558)	
(523,038)		(523,038)	
174,417		174,417	
(1,575,940)		(1,575,940)	
483,699		483,699	
(508,320)		(508,320)	
(2,691,293)		(2,691,293)	
(293,713)		(293,713)	
(43,602)		(43,602)	
<u>(10,575,396)</u>		<u>(10,575,396)</u>	
	\$174,831	174,831	
	(72,128)	(72,128)	
	13,510	13,510	
	<u>116,213</u>	<u>116,213</u>	
<u>(\$10,575,396)</u>	<u>116,213</u>	<u>(10,459,183)</u>	
			(\$182,203)
			(43,482)
			1,814
			<u>(223,871)</u>
1,056,913		1,056,913	
225,716		225,716	
1,817,453		1,817,453	
3,273,500		3,273,500	
			15,525
1,556,375		1,556,375	
719,697		719,697	2,534
40,079		40,079	20,580
191,768		191,768	
610,475	45,868	656,343	22,608
<u>9,491,976</u>	<u>45,868</u>	<u>9,537,844</u>	<u>61,247</u>
(25,000)	25,000		
(53,850)	53,850		
<u>9,413,126</u>	<u>124,718</u>	<u>9,537,844</u>	<u>61,247</u>
(1,162,270)	240,931	(921,339)	(162,624)
<u>9,862,461</u>	<u>1,086,379</u>	<u>10,948,840</u>	<u>300,232</u>
<u>\$8,700,191</u>	<u>\$1,327,310</u>	<u>\$10,027,501</u>	<u>\$137,608</u>

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Pike Repair Fund</u>	<u>Job and Family Services Fund</u>	<u>MRDD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$738,246	\$1,072,001	\$80,046	\$2,367,285	\$3,927,351	\$8,184,929
Cash and Cash Equivalents in Segregated Accounts				28,868		28,868
Cash With Fiscal Agent				486,394		486,394
Total Cash Assets	<u>738,246</u>	<u>1,072,001</u>	<u>80,046</u>	<u>2,882,547</u>	<u>3,927,351</u>	<u>8,700,191</u>
<b>Cash Fund Balances:</b>						
Reserved for Encumbrances	153,855	116,354	79,700	5,310	590,481	945,700
Unreserved, Reported in:						
General Fund	584,391					584,391
Special Revenue Funds		955,647	346	2,877,237	3,237,448	7,070,678
Debt Service Funds					134,469	134,469
Capital Projects Funds					(35,047)	(35,047)
Total Cash Fund Balances	<u>\$738,246</u>	<u>\$1,072,001</u>	<u>\$80,046</u>	<u>\$2,882,547</u>	<u>\$3,927,351</u>	<u>\$8,700,191</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>General Fund</b>	<b>Pike Repair Fund</b>	<b>Job and Family Services</b>	<b>MRDD Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash Receipts:</b>						
Taxes	\$1,056,913			\$1,817,453	\$225,716	\$3,100,082
Intergovernmental Receipts	1,092,852	\$3,724,891	\$2,698,339	1,491,722	3,421,709	12,429,513
Investment Income	682,827	24,754			12,116	719,697
Licenses and Permits	1,687				125,165	126,852
Fines & Forfeitures	34,202	46,082			165,130	245,414
Special Assessments					897,633	897,633
Charges for Services	1,016,457	573,113	317,832	274,176	1,281,407	3,462,985
Sales Taxes	3,273,500					3,273,500
Miscellaneous	43,419	67,389		57,805	441,862	610,475
Total Cash Receipts	<u>7,201,857</u>	<u>4,436,229</u>	<u>3,016,171</u>	<u>3,641,156</u>	<u>6,570,738</u>	<u>24,866,151</u>
<b>Cash Disbursements:</b>						
General Government						
Legislative and Executive	2,877,408				302,181	3,179,589
Judicial	1,297,695				751,096	2,048,791
Public Safety	2,318,689				612,779	2,931,468
Public Works	20,302	4,416,540			1,388,570	5,825,412
Health					445,813	445,813
Human Services	195,334		3,192,525	3,217,881	1,398,805	8,004,545
Conservation and Recreation	182,842				26,030	208,872
Economic Development and Assistance					508,320	508,320
Capital Outlay					2,691,293	2,691,293
Debt Service:						
Principal Retirement					293,713	293,713
Interest & Fiscal Charges					43,602	43,602
Total Cash Disbursements	<u>6,892,270</u>	<u>4,416,540</u>	<u>3,192,525</u>	<u>3,217,881</u>	<u>8,462,202</u>	<u>26,181,418</u>
Cash Receipts Over/(Under) Cash Disbursements	309,587	19,689	(176,354)	423,275	(1,891,464)	(1,315,267)
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets		28,300		11,779		40,079
OPWC Loan Proceeds					191,768	191,768
Advances In	132,045		100,000		281,045	513,090
Advances Out	(53,045)		(100,000)		(385,045)	(538,090)
Operating Transfers In					1,041,402	1,041,402
Operating Transfers Out	(937,672)	(18,949)			(138,631)	(1,095,252)
Total Other Financing Sources/(Uses)	<u>(858,672)</u>	<u>9,351</u>		<u>11,779</u>	<u>990,539</u>	<u>152,997</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(549,085)	29,040	(176,354)	435,054	(900,925)	(1,162,270)
Cash Fund Balances - Beginning of Year (Restated - See Note 17)	<u>1,287,331</u>	<u>1,042,961</u>	<u>256,400</u>	<u>2,447,493</u>	<u>4,828,276</u>	<u>9,862,461</u>
Cash Fund Balances - End of Year	<u>\$738,246</u>	<u>\$1,072,001</u>	<u>\$80,046</u>	<u>\$2,882,547</u>	<u>\$3,927,351</u>	<u>\$8,700,191</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

	<b>Business-Type Activities</b>		
	<b>Hardin Hills</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Cash Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,240,945	\$86,365	\$1,327,310
Total Cash Assets	1,240,945	86,365	1,327,310
<b>Net Assets:</b>			
Unrestricted	\$1,240,945	\$86,365	\$1,327,310

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND NET ASSETS-CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Business-Type Activities</b>		
	<b>Hardin Hills</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$3,893,772	\$537,993	\$4,431,765
Special Assessments		50,128	50,128
Other Operating Receipts	45,868		45,868
Total Operating Cash Receipts	<u>3,939,640</u>	<u>588,121</u>	<u>4,527,761</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	2,065,779	134,778	2,200,557
Fringe Benefits	680,095	57,147	737,242
Contractual Services	180,618	131,754	312,372
Materials and Supplies	427,416	114,862	542,278
Other Operating Expenses	340,162	199,223	539,385
Capital Outlay	24,871	8,975	33,846
Total Operating Cash Disbursements	<u>3,718,941</u>	<u>646,739</u>	<u>4,365,680</u>
Operating Income(Loss)	220,699	(58,618)	162,081
<b>Income Before Transfers and Advances</b>			
Advances-In		25,000	25,000
Transfers-In		53,850	53,850
Changes in Net Assets	220,699	20,232	240,931
Net Assets - Beginning of Year	<u>1,020,246</u>	<u>66,133</u>	<u>1,086,379</u>
Net Assets - End of Year	<u>\$1,240,945</u>	<u>\$86,365</u>	<u>\$1,327,310</u>

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Cash Assets:</b>		
Equity in Pooled Cash and Cash Equivalents	\$318,751	\$2,174,720
Cash and Cash Equivalents in Segregated Accounts		143,270
Total Cash Assets	318,751	2,317,990
 <b>Liabilities:</b>		
Due to Other Governments		2,317,990
 <b>Net Assets:</b>		
Unrestricted	132,470	
Restricted	186,281	
Total Net Assets	\$318,751	

*See Accompanying Notes to the Basic Financial Statements.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Private Purpose Trust</u>
<b>Cash Additions:</b>	
Contributions	\$18,952
Investment Income	11,534
Total Cash Additions	<u>30,486</u>
<b>Cash Deductions:</b>	
Payments in Accordance with Trust Agreements	<u>25,084</u>
Total Cash Deductions	<u>25,084</u>
Changes in Net Assets	5,402
Net Assets - Beginning of Year	<u>313,349</u>
Net Assets - End of Year	<u><u>\$318,751</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

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**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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 which 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 mental retardation 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, effective for financial statements for periods beginning after December 15, 1992. The combined financial statements include all funds, agencies, boards, and commissions for which Hardin County and the County Commissioners are "accountable".

**A. Component Units**

**HARCO Industries, Inc.**

HARCO Industries, Inc. (the Workshop) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Hardin County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for adults with mental retardation or developmental disabilities in Hardin County.

The Hardin County Board of MRDD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Hardin County, the Workshop is a component unit of the County.

Complete financial statements can be obtained from Kim Thomas, Executive Director of HARCO Industries, Inc., 705 Ida Street, Kenton, Ohio 43326.

HARCO Industries, Inc. has a fiscal year end of June 30; however, the annualized amounts presented in the accompanying financial statements would not be significantly different from calendar year amounts.

**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 the Hardin County Board of Retardation and Developmental Disabilities, provides capital facilities for mental hygiene and retardation services for adults with mental retardation or developmental disabilities in Hardin County. The Hardin County Board of MRDD 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 providing assistance to mentally retarded or developmentally disabled adults of Hardin County, HCHD is a component unit of the County.

Complete financial statements can be obtained from Dean McCullough, Manager, at the administrative offices at 705 Ida Street, Kenton, Ohio.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE REPORTING ENTITY (Continued)**

**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 Hardin County.

Complete financial statements can be obtained from Brenda Broseke, 1040 West Franklin Street, Kenton, Ohio.

**B. Jointly Governed Organizations**

**West Central Ohio Network**

The West Central Ohio Network (West CON) is a regional council of governments. West CON is comprised of the boards of Mental Retardation and Developmental Disabilities (MRDD) 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 MRDD 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 Mental Retardation and Developmental Disabilities. Financial information can be obtained from Saul Bauer, Executive Director, 315 East Court, Sidney, Ohio 45365.

**Hardin County Regional Planning Commission**

The Hardin County Regional Planning Commission (the Commission) is a joint venture 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 Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326

**Workforce Investment Act**

The Workforce Investment Act (WIA) of 1998 (Pub. L. No. 105-220) abolished the former Job Training and Partnership Act (JTPA) and merged services previously provided by both the Ohio Bureau of Employment Services (OBES) and the Ohio Department of Human Services (ODHS). As a result of this legislation, both State and County Departments of Human Services (DHS) are now the Departments of Job and Family Services (DJFS).

Objectives of the Workforce Investment Act are to increase the employment, retention, and earnings of participants in the program, and as a result improve the quality of the workforce, reduce welfare dependency, and enhance the productivity of the Nation.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE REPORTING ENTITY (Continued)**

Ohio is organized into seven local workforce investment areas. There are six “traditional” local areas and a seventh area known as the Ohio Option, which includes most of the State. Each traditional area has its own workforce investment board and acts as its own workforce investment system. The Ohio option is subdivided into local Workforce Development Areas (WDA), typically county or multi-county WDAs.

Each Workforce Investment or Policy Board is responsible for developing “one-stop” service delivery systems for the local area. The one-stop system is a network of required partners delivering training/employment services and activities defined in the law.

The federal WIA program is administered through the ODJFS and operates on a state fiscal year from July 1 to June 30. Effective July 1, 2002, Hardin County participated in a multi-county WDA with Auglaize and Mercer Counties, with the Mercer County Auditor as fiscal agent. Financial information can be obtained from Mark R. Giesige, 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) provides services to multi-need youth in Hardin County. Members of the FCFC include the Hardin County Board of Mental Retardation, 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 FCFC 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 Sarah Jeffries, Council Administrator, 1021 West Lima Street, Kenton, Ohio 43326.

**Logan County Juvenile Detention Center**

The Logan County Juvenile Detention Center (JDC), is a jointly established non-profit corporation whose general-purpose is to allow for the constitutional detention of juvenile persons.

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, Mike Yoder, Jail Office Complex, 100 South Madriver Street, Room 103, Bellefontaine, Ohio 43311.

**C. Joint Ventures:**

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

The Mental Health and Recovery Services (MHRS) 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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE REPORTING ENTITY (Continued)**

The Board of Trustees consists of eighteen members. Four members are appointed by the Director of the Ohio Department of Mental Health, four members are appointed by the Director of the Ohio Department of Alcohol and Drug Addiction Services and the remaining ten members are appointed by the County Commissioners of 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 MHRS Board 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 MHRS Board. 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 MHRS Board 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.

In 2008, tax revenues generated by the levy in Hardin County totaled \$190,290. Complete financial statements can be obtained from the Allen County Auditor, Rhonda D. Eddy, 301 North Main Street, Room 103, P.O. Box 1243, Lima, Ohio 45802-1243.

**Marion Hardin Correctional Center**

The Marion Hardin Correctional Center (the Center) is a joint venture between Hardin County and Marion County. The 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; Full Service Facilities.

The Center is governed by a Joint County Corrections Commission (the Commission). The Commission is 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 from each member county. 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 Center has no outstanding debt as of December 31, 2008. The Center has not accumulated significant financial resources, nor is the Center experiencing fiscal stress that may cause additional financial benefit or burden on the County in the future. 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 established by forty-six counties in Ohio, for the purpose of establishing the CORSA Insurance/Self-Insurance Program.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE REPORTING ENTITY (Continued)**

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.

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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. DESCRIPTION OF THE REPORTING ENTITY (Continued)**

**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 Hardin County and three are appointed by the Common Pleas Court Judge of Hardin 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.

**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 Hardin 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.

**F. Potential Component Units**

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 General Health District**

The eight member Board of Health is appointed by the District Advisory Council, which is comprised of Township Trustee Chairmen, Clerks and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County.

**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.

**Other Districts**

The Hardin County 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's reporting entity although they are presented as Agency Funds within the County's financial statements.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(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 an other comprehensive basis of accounting (OCBOA). 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 assets 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 assets 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 assets 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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. 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 fund assets 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.

**Mental Retardation and Developmental Disabilities (MRDD) Fund** - This fund accounts for various federal and state grants and a property tax levy used to provide assistance and training to mentally retarded and developmentally disabled individuals.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.



**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 assets and changes in net assets. 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 Mental Retardation and Developmental Disabilities (MRDD), 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 proprietary 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 and the "Statement of Fund Net Assets" for the Proprietary Funds.

Cash and cash equivalents held 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".

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During 2008, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, 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 2008. 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. 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, 2008.

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 2008 amounted to \$682,827, which includes \$623,804 assigned from other County funds. For calendar year 2008, total interest receipts amounted to \$731,231 in which \$682,827 was recorded in the General Fund; \$24,754 was recorded in the Pike Repair Fund; \$12,116 was recorded in other non-major Special Revenue Funds; and \$11,534 was recorded in other non-major 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.

**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 separately 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 and 9 and 10, 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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**I. Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of 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 Hardin 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 approximately \$2,730,259 of federal food stamps during 2008.

**J. Long-Term Obligations**

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

**K. Net Cash Assets**

Net cash assets consist of cash receipts and balances reduced by cash disbursements for the current year. Net assets are 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 assets restricted for the maintenance and improvement of roads, for public assistance, disabled individuals, health services, and grants. The County did not have net assets 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.

**L. Inter-fund 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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Fund Balance Reserves**

The County reserves any portion of fund balances which is not available for appropriation or which is legally segregated for specific future use. Unreserved fund balances indicates that portion of fund balances which is available for future appropriation. Fund balance reserves have been established for encumbrances.

**3. 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, net assets/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 into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged to the County by the financial institution as security for repayment, by surety company bonds deposited with the County Treasurer by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested 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 and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. 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 sub-divisions, provided that such political subdivisions are located wholly or partly within the County;

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Bankers' acceptances must mature within 180 days, commercial paper within 270 days, and corporate notes within two years after purchase. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt and the investment advisory committee specifically approves it. Investments must be purchased with the expectation that they will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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".

**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, \$11,518,325 of the County's bank balance of \$12,721,671 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 risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

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, 2008, the County had the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-2</u>	<u>3-5</u>	<u>More than 5</u>
STAR Ohio	\$243,498	\$243,498			

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 requirements 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.

The County has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.35(J)(2) which states, "Payment 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 is invested in STAR Ohio.

**5. PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible (used in business) 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 with a triennial update. The last update was completed in 2006 for tax year 2006.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**5. PROPERTY TAXES (Continued)**

The full tax rate for all County operations applied to real property for the year ended December 31, 2008, was \$10.15 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$10.15 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 \$8.98 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$9.43 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.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property, for the fiscal year ended December 31, 2008, was 6.25% of true value.

The assessed value upon which the 2008 taxes were collected was \$424,400,150.

**Real Property - 2008 Valuation:**

Residential/Agricultural	\$329,856,550
Commercial	38,579,170
Industrial	18,496,720
Public Utilities	317,200

**Tangible Personal Property – 2008 Valuation:**

General	16,752,320
Public Utilities	20,398,190
Total Valuation	<u><u>\$424,400,150</u></u>

Real property taxes for tax year 2007 are payable annually or semi-annually. If paid annually, payment was due February 16, 2008. If paid semi-annually, the first payment was due February 16, 2008 with the remainder payable by July 20, 2008. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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.

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date.

The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**6. PERMISSIVE SALES AND USE TAX**

The County Commissioners by resolution have imposed a one 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 2008 amounted to \$3,273,500 and is recorded in the General Fund.

**7. SHORT TERM DEBT**

The County has no short-term debt as of December 31, 2008.

**8. LONG TERM DEBT**

The County's long-term debt at year end consisted of general obligation bonds, special assessment bonds, and Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) Loans which are shown below. As of December 31, 2008 there is no long-term debt in the Enterprise Funds.

A. The County's long term debt transactions for the year ended December 31, 2008, are summarized below:

	<b>Debt Principal Outstanding 1/1/08</b>	<b>Debt Principal Issued in 2008</b>	<b>Debt Principal Retired in 2008</b>	<b>Debt Principal Outstanding 12/31/08</b>
General Obligation Bonds	\$ 669,998		\$165,000	\$ 504,998
Special Assessment Bonds				
With Government Commitment	216,400		59,350	157,050
OWDA Landfill Closure Loan	406,174		50,480	355,694
OPWC Loans	16,642	\$191,768	18,883	189,527
<b>Total</b>	<b>\$1,309,214</b>	<b>\$191,768</b>	<b>\$293,713</b>	<b>\$1,207,269</b>

The general obligation bonds were used to construct the Hardin County Courthouse Annex. General Obligation Bonds are secured by the County's ability to levy a voted or unvoted property tax within limitations of Ohio Law. The bonds are being repaid by the Hardin County Department of Job and Family Services (JFS) through a rental agreement whereas both the Child Support Enforcement Agency, and the Children's Services and Public Assistance pay a portion of rent based upon square footage utilized.

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. The ditch bonds are being paid from the various County ditch funds.



**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**8. LONG TERM DEBT (Continued)**

The total amount borrowed by the County under the OWDA Loan was \$891,616. The loans are for the payment of costs associated with the closure of the County Landfill on County Road 143A when it ceased acceptance of solid waste on March 31, 1990. On March 11, 1991 the Ohio EPA conducted an inspection of the facility and documented that the County had failed to apply adequate final cover. The County is now in the final stage of completing the closure costs which are made in accordance with an EPA approved closure plan. This debt is being repaid from the Special Revenue Landfill Assessment Fund.

During 2000 the County completed a bridge project which was financed in part with an OPWC loan to the County for \$73,468. The loan is scheduled for repayment over a ten year period that began July 2000.

A road and bridge project, which was financed in the amount of \$19,498 with an OPWC loan to the County, was started in 2003 and completed in 2004. The loan is scheduled for repayment over a five-year period that began January 2004.

During 2008 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 July 2008.

The following are descriptions of the bonds and loans that existed in 2008 and were outstanding as of December 31, 2008:

<b>Description</b>	<b>Issue Date</b>	<b>Issue Rate %</b>	<b>Issuance Amount</b>	<b>2008 Paid Amount</b>	<b>Outstanding Amount</b>	<b>Maturity Date</b>
<b>General Obligation Bonds:</b>						
County Courthouse Annex Bond	2002	Various	\$1,454,998	\$165,000	\$ 504,998	2012
<b>Special Assessment Bonds:</b>						
Pattison Avenue Ditch	2003	3.94%	260,000	31,000	93,000	2011
Powell Ditch	2006	6.50%	4,000	800	2,400	2011
Lowery Ditch	2006	6.75%	5,300	750	2,250	2011
Huston Ditch	2007	5.00%	11,800	4,000	7,800	2012
Miller Ditch	2007	4.20%	32,500	7,500	25,000	2012
Harpster Ditch	2007	4.90%	35,000	11,000	24,000	2012
Dalton Ditch	2007	5.00%	4,350	1,750	2,600	2012
Klingler Ditch	2007	5.00%	2,550	2,550		2008
Total Special Assessment Bonds				<u>59,350</u>	<u>157,050</u>	
Total Bond Debt				<u>224,350</u>	<u>662,048</u>	
<b>Loans</b>						
OWDA Loan	1997	4.56%	891,616	50,478	355,694	2014
OPWC Loan	2004	0.00%	19,498	1,950		2008
OPWC Loan	1999	0.00%	73,468	7,347	7,347	2009
OPWC Loan	2008	0.00%	191,768	9,588	182,180	2028
Total Loans				<u>69,363</u>	<u>545,221</u>	
Total Bonds and Loans				<u>\$293,713</u>	<u>\$1,207,269</u>	

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**8. LONG TERM DEBT (Continued)**

B. The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2008, including interest payments of \$265,823 are as follows:

	<b>General Obligation Bonds - Governmental Purposes</b>	<b>Special Assessment Bonds with Government Commitment</b>	<b>OWDA Landfill Closure Loan</b>	<b>OPWC Road &amp; Bridge Loans</b>	<b>Total</b>
2009	\$180,700	\$ 54,963	\$ 68,430	\$ 16,935	\$ 321,028
2010	180,600	52,913	68,430	9,588	311,531
2011	185,000	49,162	68,430	9,588	312,180
2012	155,000	14,644	68,431	9,588	247,663
2013			68,430	9,588	78,018
2014-2018			68,432	47,942	116,374
2019-2023				47,942	47,942
2024-2028				38,356	38,356
Total	701,300	171,682	410,583	189,527	1,473,092
Less Interest	(196,302)	(14,632)	(54,889)		(265,823)
Principal	\$504,998	\$157,050	\$355,694	\$189,527	\$1,207,269

**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, 2008 are an overall debt margin of \$8,194,254 and an unvoted debt margin of \$4,244,002.

The component unit, Hardin County Housing Development, Inc, had outstanding mortgage debt at December 31, 2008 in the amount of \$77,599.

**9. PENSION OBLIGATIONS**

**A. Ohio Public Employees Retirement System (OPERS)**

All County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP) - a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. PENSION OBLIGATIONS (Continued)**

3. The Combined Plan (CO) - a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to qualifying members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2008 member contribution rates were 10.0% for members in the state and local classifications. Public safety and law enforcement members contributed 10.1%. The 2008 employer contribution for local government employer units was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2008 was 17.4%.

The County's contributions to OPERS for all employees for the years ended December 31, 2008, 2007, and 2006, were \$1,568,344, \$1,501,015, and \$1,408,894, respectively; 100 percent has been contributed for 2008, 2007, and 2006.

**B. State Teachers Retirement System (STRS)**

**Plan Description** - Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**9. PENSION OBLIGATIONS (Continued)**

Investment decisions are made by the member. 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the year ended December 31, 2008, plan members were required to contribute 10 percent of their annual covered salaries.

The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to STRS Ohio for the years 2008, 2007, and 2006 were \$35,942, \$52,570, and \$42,495 respectively; 92.6 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

**C. 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, 2007, none have elected Social Security.

**10. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (OPERS)**

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.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit.

Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008 local government employer units contributed at 14.0% of covered payroll, and public safety and law enforcement employer units contributed at 17.40%.

The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. Actual employer contributions for 2008 were \$784,172. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System**

Plan Description – The County contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The County’s contributions for health care for the years 2008, 2007, and 2006 were \$2,765, \$4,044, and \$3,269 respectively; 92.6 percent has been contributed for the year 2008 and 100 percent for 2007 and 2006.

**11. REVOLVING LOANS**

Hardin 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.

Payments made during 2008 and balances outstanding at December 31, 2008 were as follows:

<b>Business:</b>	<b>Rate</b>	<b>Maturity Year</b>	<b>Principal Paid 2008</b>	<b>Principal Outstanding 12/31/08</b>
PS Kenton Equipment	4.75%	2017	\$ 10,338	\$ 112,127
Laugh and Learn Day Care	4.00%	2022	4,000	74,168
Total Paid and Outstanding			<u>\$ 14,338</u>	<u>\$ 186,295</u>

**12. 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.

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of seventy-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials’ errors and omissions liability insurance. Coverages provided are as follows:

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**12. RISK MANAGEMENT**

General Liability	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Liability	3,000,000
Stop Gap Liability	1,000,000
Automobile Liability	1,000,000
Uninsured/Underinsured Motorists	250,000
Errors and Omissions Liability	1,000,000
Medical Professional Liability	3,000,000
Building and Contents	64,160,955
Equipment Breakdown	100,000,000
Sewer Lines	500,000
Other Coverages:	
Extra Expense – Business Interruption	1,000,000
EDP Media	100,000
Valuable Papers	1,000,000
Flood	100,000,000
Earthquake	100,000,000
Crime	1,000,000
Money and Securities	1,000,000
Property In Transit	100,000
Unintentional Omissions	250,000

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation, and health; 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 Mental Retardation and Developmental Disabilities (MRDD) Board are covered by the County Boards Association (CBA) Benefit Services.

**13. INDIVIDUAL COMPONENT UNIT DISCLOSURE**

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

	<u>Airport Authority</u>	<u>Harco Industries</u>	<u>Hardin Housing</u>	<u>Totals</u>
Program Cash Receipts	\$232,013	\$93,681	\$36,317	\$362,011
General Cash Receipts	781	39,876	20,590	61,247
Program Cash Disbursements	414,216	137,163	34,503	585,882
Changes in Net Cash Assets	(181,422)	(3,606)	22,404	(162,624)
Net Cash Assets Beginning of Year	249,265	48,835	2,132	300,232
Net Cash Assets End of Year	\$ 67,843	\$45,229	\$24,536	\$137,608

As indicated in Note 14, the County provided non-cash benefits to HARCO Industries and Hardin Housing.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**14. RELATED PARTY TRANSACTIONS**

During 2008, the County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to HARCO Industries, Inc. (workshop). HARCO Industries, Inc, which is one of the discretely presented component units of Hardin County, reported the value of an In-Kind contribution that was determined in accordance with a formula developed by the Ohio Association of Adult Services. The In-Kind contribution from the Hardin County MR/DD Board amounted to \$33,745.

During 2008, Hardin County provided the staff salaries, transportation, equipment and other funds as necessary to the Hardin County Housing Development, Inc. (HCHD). HCHD, which is one of the discretely presented component units of Hardin County, reported \$27,313 for such contributions. HCHD recorded operating revenues and expenses at cost or fair market as applicable, to the extent the contribution is related to the operation of the housing.

**15. 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, 2008.

**B. Litigation**

There is pending litigation (filed in June 2009) against Hardin County, Hardin County Case No.:CVH20091148. The case has since been removed to the United States Federal District Court located in Toledo, Ohio, Case No.:3:09-CV-1512. The basis of the suit is the Plaintiff is a former contracted individual that worked for the Hardin County Job and Family Services under a one (1) year contract. She is bringing litigation due to the fact the contract was not renewed. She has asserted thirteen (13) causes of action against the Defendants. She has named as Defendants in the suit the three (3) county commissioners both personally and in their titled capacity, the prosecutor both personally and in his titled capacity, the director of the Hardin County Job and Family Services both personally and in his titled capacity, and unknown officials and employees in their official and individual capacities. The insurance company lawyers have already entered their appearance in the litigation and are representing the Defendants at the moment in both capacities. The Common Pleas Court of Hardin County has ordered a Temporary Restraining Order to keep the Plaintiff employed and on paid administrative leave. This Temporary Restraining Order expires midnight on July 10, 2009.



**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**15. CONTINGENT LIABILITIES (Continued)**

**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. This year's study estimates that \$2,064,602 will be incurred over the remaining 16.5 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.

On April 1, 2009, the County issued Landfill Slurry Wall Special Assessment Taxable Bonds in the amount of \$500,000 for the purpose of reimbursing the cost of constructing improvements to a landfill slurry wall in anticipation of the collection of special assessments levied for the said improvements. Principle and interest payments are due April 1 of each year for a period of 10 years, from 2010 through 2019, with interest at the rate of 4.99%.

**16. RESTATEMENT OF BEGINNING FUND BALANCE**

Cash held by the West Central Ohio Network, a jointly governed organization of the County, on behalf of the County is recorded as "Cash with Fiscal Agent". The cash balance for the West Central Ohio Network was understated by \$53,825 at December 31, 2007. Restatements of the Beginning Net Cash Assets for Governmental Activities and a restatement of Cash Fund Balances-Beginning of Year for the MRDD Fund have been made to the financial statements. These restatements had the following impact on net assets as previously reported:

	<b>Governmental Activities</b>	<b>MRDD Fund</b>
Net Assets/Fund Balance – December 31, 2007	\$9,808,636	\$2,393,668
Restatement	53,825	53,825
Net Assets/Fund Balance – January 1, 2008	\$9,862,461	\$2,447,493

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**FINANCIAL CONDITION  
HARDIN COUNTY**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$1,142,184	\$1,142,184	\$1,142,184	
<b>Resources (Inflows):</b>				
Taxes	1,066,000	1,066,000	1,056,913	(\$9,087)
Intergovernmental	1,058,000	1,023,000	1,092,852	69,852
Investment Income	450,000	550,000	682,827	132,827
Licenses and Permits	2,000	2,000	1,687	(313)
Fines and Forfeitures	20,000	20,000	34,202	14,202
Charges for Services	783,000	858,000	1,016,457	158,457
Sales Taxes	3,000,000	3,002,400	3,273,500	271,100
Miscellaneous	56,000	13,600	43,419	29,819
Other Financing Sources:				
Transfers In	20,000	20,000		(20,000)
Advances In			132,045	132,045
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Amounts Available for Appropriation:</b>	7,597,184	7,697,184	8,476,086	778,902
<b>Charges to Appropriation (Outflows):</b>				
General Government				
Legislative and Executive	3,035,389	3,140,323	2,929,571	210,752
Judicial	1,225,306	1,417,226	1,355,843	61,383
Public Safety	2,340,732	2,400,479	2,349,232	51,247
Public Works	21,177	21,177	20,302	875
Human Services	214,626	218,081	204,334	13,747
Conservation and Recreation	211,724	214,864	186,843	28,021
Other Financial Uses:				
Transfers Out	150,000	950,000	937,672	12,328
Advances Out			53,045	(53,045)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Charges to Appropriations:	7,198,954	8,362,150	8,036,842	325,308
Prior Year Encumbrances Appropriated	<hr/>	<hr/>	<hr/>	<hr/>
	145,147	145,147	145,147	
<b>Ending Budgetary Balance:</b>	<u>\$543,377</u>	<u>(\$519,819)</u>	<u>\$584,391</u>	<u>\$1,104,210</u>

See Accompanying Notes to Required Supplementary Information.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
PIKE REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$970,393	\$970,393	\$970,393	
<b>Resources (Inflows):</b>				
Intergovernmental	4,745,000	4,745,000	3,724,891	(\$1,020,109)
Investment Income			24,754	24,754
Fines and Forfeitures	50,000	50,000	46,082	(3,918)
Charges for Services	460,000	460,000	573,113	113,113
Miscellaneous	198,944	198,944	95,689	(103,255)
<b>Amounts Available for Appropriation:</b>	6,424,337	6,424,337	5,434,922	(989,415)
<b>Charges to Appropriation (Outflows):</b>				
Public Works	5,303,944	5,374,788	4,532,894	841,894
Other Financing Uses:				
Transfers Out	150,000	150,000	18,949	131,051
Total Charges to Appropriations:	5,453,944	5,524,788	4,551,843	972,945
Prior Year Encumbrances Appropriated	72,568	72,568	72,568	
<b>Ending Budgetary Balance:</b>	<u>\$970,393</u>	<u>\$899,549</u>	<u>\$955,647</u>	<u>(\$16,470)</u>

*See Accompanying Notes to Required Supplementary Information.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
JOB AND FAMILY SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$144,000	\$144,000	\$144,000	
<b>Resources (Inflows):</b>				
Intergovernmental	3,374,987	3,374,987	2,698,339	(\$676,648)
Charges for Services	300,000	300,000	317,832	17,832
Miscellaneous	2,000	2,000		(2,000)
Other Financing Sources:				
Transfers In	150,000	150,000	100,000	(50,000)
Amounts Available for Appropriation:	3,970,987	3,970,987	3,260,171	(710,816)
<b>Charges to Appropriation (Outflows):</b>				
Human Services	3,758,727	3,756,716	3,272,225	484,491
<b>Other Financing Uses:</b>				
Transfers Out	45,000			
Advances Out		100,000	100,000	
<b>Total Charges to Appropriations:</b>	3,803,727	3,856,716	3,372,225	484,491
Prior Year Encumbrances Appropriated	112,400	112,400	112,400	
<b>Ending Budgetary Balance:</b>	<u>\$279,660</u>	<u>\$226,671</u>	<u>\$346</u>	<u>(\$226,325)</u>

*See Accompanying Notes to Required Supplementary Information.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
MRDD FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$2,388,358	\$2,388,358	\$2,388,358	
<b>Resources (Inflows):</b>				
Taxes	1,900,000	1,900,000	1,817,453	(82,547)
Intergovernmental	1,341,557	1,341,557	1,491,722	150,165
Charges for Services	5,500	5,500	6,462	962
Miscellaneous	43,580	43,580	69,584	26,004
<b>Amounts Available for Appropriation:</b>	5,678,995	5,678,995	5,773,579	94,584
<b>Charges to Appropriation (Outflows):</b>				
Human Services	3,105,498	3,157,615	2,903,864	253,751
<b>Total Charges to Appropriations:</b>	3,105,498	3,157,615	2,903,864	253,751
Prior Year Encumbrances Appropriated	7,522	7,522	7,522	
<b>Ending Budgetary Balance:</b>	<u>\$2,581,019</u>	<u>\$2,528,902</u>	<u>\$2,877,237</u>	<u>\$348,335</u>

*See Accompanying Notes to Required Supplementary Information.*

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

**1. 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 after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which 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 Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level 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 2008 and were considered routine.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(Continued)**

**1. BUDGETARY PROCESS (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 reservations of fund balance for subsequent year expenditures 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 fiscal 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 fiscal year and need not be re-appropriated.

**E. MRDD 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 MRDD Fund Budgetary Comparison Schedule.



**FINANCIAL CONDITION  
HARDIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>(Passed through Ohio Department of Education)</i>				
Food Donation	10.550	N/A		\$1,259
National School Lunch Program	10.555	2008	\$1,620	
Total United States Department of Agriculture			1,620	1,259
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>(Passed through Ohio Department of Development)</i>				
Community Development Block Grant's / State's Program				
Community Development Program	14.228	2005	15,768	
Community Housing Improvement Program		2006	339,729	
Community Development Program		2007	88,435	
Total Community Development Block Grant's / State's Program			443,932	
HOME Investment Partnerships Program	14.239	2006	24,086	
Total U.S. Department of Housing and Urban Development			468,018	
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>(Direct Program)</i>				
Drug Court Discretionary Grant Program	16.585	2005	129,942	
<i>(Passed through Ohio Department of Youth Services)</i>				
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	2007	30,911	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007	14,777	
Total United States Department of Justice			175,630	
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>(Passed through Ohio Department of Education)</i>				
Special Education Cluster:				
Special Education Grants to States	84.027	2008	25,836	
		2009	5,219	
Total Special Education Grants to States			31,055	
Special Education Preschool Grants	84.173	2008	9,920	
		2009	1,468	
Total Special Education Preschool Grants			11,388	
Total Special Education Cluster			42,443	
State Grants for Innovative Programs	84.298	2008	185	
		2009	6	
Total United States Department of Education			191	
			42,634	

**FINANCIAL CONDITION  
HARDIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 2008  
(Continued)**

<b>Federal Grantor Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>				
<i>(Passed through Ohio Department of Mental Retardation and Development Disabilities)</i>				
Social Services Block Grant	93.667	2008	20,693	
Medical Assistance Program Targeted Case Management	93.778	2008	34,739	
<i>(Passed through Ohio Department Job and Family Services)</i>				
Child Welfare Services State Grants	93.645	2008	105,305	
Promoting Safe and Stable Families	93.556	2008	8,211	
Chafee Foster Care Independence Program	93.674	2008	244	
Total United States Department of Human Services			<u>169,192</u>	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>				
<i>(Passed through Ohio Department of Youth Services)</i>				
AmeriCorps	94.006	2007	7,488	
Total Corporation for National and Community Service			<u>7,488</u>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>(Passed through Ohio Department of Public Safety Emergency Management Agency)</i>				
Emergency Management Performance Grants	97.042	2007	11,708	
		2008	9,705	
Total Emergency Management Performance Grants			<u>21,413</u>	
State Homeland Security Program	97.073	2007	51,383	
Total U.S. Department of Homeland Security			<u>72,796</u>	
Total Federal Awards Expenditures			<u><u>\$937,378</u></u>	<u><u>\$1,259</u></u>

**FINANCIAL CONDITION  
HARDIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes the activity of all federal award programs of the County. The County reporting entity is defined in Note 1 of the County's general purpose financial statements. All federal awards received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included in the schedule. The accompanying Schedule has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

**NOTE 2 - COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG)**

**Revolving Loan Program**

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 moneys for these loans to the County through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement in the year loaned and loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule. 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.

<b>Small Business Revolving Loans</b>	<b>Loan Activity and Balances</b>	<b>Cash Activity and Balances</b>
Beginning Balance January 1, 2008	\$200,633	\$298,593
Loan Principal Repayments / Cash Receipts	(14,338)	31,704
Loan and Grant Disbursements / Disbursements		(31,175)
Ending Balances December 31, 2008	\$186,295	\$299,122

See financial statement note 11 for additional loan activity details.

**NOTE 3 - FOOD SERVICES PROGRAMS - SIMON KENTON SCHOOL**

The Hardin County Department of Mental Retardation and Development Disabilities (Simon Kenton School) received federal assistance through the National School Lunch and Donated Food Programs. The National School Lunch program is reimbursing in nature and revenues are considered expended when received. The school is allowed a selection from a pool of foods, when available, under the Food Donation Program.

Program regulations do not require the School to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of County Commissioners:

We have audited the 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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated, July 9, 2009, wherein, we noted the County uses a comprehensive accounting basis other than generally accepted accounting principles. Other auditors audited the financial statements of the HARCO Industries and Hardin County Housing Development (discretely presented component units), as described in our opinion on the County's financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Other Auditors audited the financial statements of the component unit HARCO Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Governmental Auditing Standards* and accordingly this report does not extend to that component unit.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the County's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the County's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the County's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Internal Control Over Financial Reporting  
(Continued)**

We noted certain matters that we reported to the County's management in a separate letter dated July 9, 2009.

**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, providing an opinion 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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the County's management in a separate letter dated July 9, 2009.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the County's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 9, 2009



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Board of County Commissioners:

#### Compliance

We have audited the compliance of Hardin County, (the County), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the County's major federal programs. The County's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Hardin County Airport Authority, which received \$87,290 in federal awards which is not included in the Schedule of Federal Awards for the year ended 2008. Our audit of Federal awards, described below, did not include the operations of the Hardin County Airport Authority because the component unit is legally separate from the primary government which this report addresses, and because it expended less than \$500,000 of Federal awards for the year ended December 31, 2008, it was not subject to OMB Circular A-133 audit requirements.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2008. In a separate letter to the County's management dated July 9, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

### Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the County's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Board of Commissioners, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 9, 2009



**FINANCIAL CONDITION  
HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 & .505  
DECEMBER 31, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under ' .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 14.228 - Community Development Block Grant/State's Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

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

**Ohio Adm. Code Section 117-2-03(B)** requires the County to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the County prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

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

**Officials Response:**

The County has passed a resolution on March 11, 2006, 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 FOR FEDERAL AWARDS**

None.

**FINANCIAL CONDITION  
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: <b><i>Explain:</i></b>
2007-001	Improvements in Financial Reporting – the County’s 2007 financial statements reported incorrect major funds and contained material classification errors.	Partially	Partially corrected – reported to management of the County in a separate letter to management.
2007-002	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (B) – the County did not prepare financial statements in accordance with generally accepted accounting principles.	No	Repeated as Finding 2008-001





Mary Taylor, CPA  
Auditor of State

**FINANCIAL CONDITION**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 1, 2009**