



Dave Yost • Auditor of State

**FINANCIAL CONDITION
HARDIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying 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, Ohio (the County), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component units, HARCO Industries, Inc. which represents 23 and 23 percent, respectively, and Hardin County Housing Development, Inc. which represents 11 and 41 percent, respectively, of the assets/net position and receipts of the component unit column. Those statements, which were prepared in accordance with accounting principles generally accepted in the United States of America, were audited by another auditor, whose reports have been furnished to us. We have applied audit procedures on the adjustments to the financial statements of these component units, which conform those financial statements to the cash accounting basis. Our opinion, insofar as it relates to the amounts included for these component units, prior to the adjustments, is based solely on the reports of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditor audited the financial statements of HARCO Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation

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

Opinion

In our opinion, based on our audit and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio, as of December 31, 2013, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

Management's Discussion & Analysis includes tables of net position, changes in net position, total cost of program services of governmental activities and business type activities, and outstanding debt. The County presents budgetary comparison schedules for the General, Pike Repair, Job and Family Services, and Hardin County Board of Development Disabilities funds. These tables and schedules provide additional analysis and is not a required part of the basic financial statements.

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

These tables, the budgetary comparison schedules, and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables, budgetary comparison schedules, and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables, budgetary comparison schedules, and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables, budgetary comparison schedules, and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 11, 2014

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**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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, 2013, 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 13.

Financial Highlights

Key financial highlights for 2013 are as follows:

Overall:

- Total net position increased \$1,402,821 with Governmental Activities increasing by \$1,202,518 and Business-Type Activities increasing by \$200,303. The increase in Governmental net position was partly made by an increase in sales tax.
- Total cash receipts, net of transfers, were \$29,325,813 in 2013.
- Total cash disbursements, net of transfers, were \$27,922,992 in 2013.

Governmental Activities:

- Total program cash receipts were \$14,746,983 in 2013, while program cash disbursements were \$23,183,070.
- Public Works and Human Services related programs had the largest cash disbursements totaling \$13,682,410 in 2013.

Business-Type Activities:

Program cash receipts were \$4,915,258 for Business Activities, while corresponding cash disbursements were \$4,739,922. Hardin Hills increase in Net Position of \$224,821 was the main reason for the increase 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 Position-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting an aggregate view of the County's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column.

Reporting the County as a Whole

The County's Reporting Entity Presentation

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net position* 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 position* and changes in net position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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

The County as a Whole

Recall that the Statement of Net Position provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Position for 2013 compared to the prior year:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Assets:						
Equity in Pooled Cash & Cash Equivalents	\$14,780,212	\$13,543,109	\$1,407,754	\$1,207,451	\$16,187,966	\$14,750,560
Cash & Cash Equivalents Segregated Accounts	30,149	29,939			30,149	29,939
Cash With Fiscal Agent	811,655	846,450			811,655	846,450
Total Assets	15,622,016	14,419,498	1,407,754	1,207,451	17,029,770	15,626,949
Net Cash Assets:						
Restricted	12,079,389	11,556,258			12,079,389	11,556,258
Unrestricted	3,542,627	2,863,240	1,407,754	1,207,451	4,950,381	4,070,691
Total Net Cash Assets	\$15,622,016	\$14,419,498	\$1,407,754	\$1,207,451	\$17,029,770	\$15,626,949

Total assets increased by \$1,402,821 with governmental assets increasing by \$1,202,518 and Business - Type Assets increasing by \$200,303.

Table 2 shows the changes in cash net position for year 2013:

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		2013	2012
	2013	2012	2013	2012		
					Total	Total
Cash Receipts:						
Program Cash Receipts:						
Charges for Services	\$4,760,899	\$5,057,194	\$4,915,258	\$4,724,662	\$9,676,157	\$9,781,856
Operating Grants and Contributions	9,655,220	10,026,037			9,655,220	10,026,037
Capital Grants and Contributions	330,864	2,632,453			330,864	2,632,453
Total Program Cash Receipts	14,746,983	17,715,684	4,915,258	4,724,662	19,662,241	22,440,346
General Cash Receipts and Transfers:						
Property Taxes:						
General Purpose	1,300,293	1,301,253			1,300,293	1,301,253
911-Public Safety	281,083	281,136			281,083	281,136
Developmental Disabilities	2,010,619	2,010,417			2,010,619	2,010,417
Sheriff Levy	413,111	413,118			413,111	413,118
Sales Taxes	3,962,797	3,857,511			3,962,797	3,857,511

(Continued)

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

**Table 2
Changes in Net Position
(Continued)**

	Governmental Activities		Business-Type Activities		2013 Total	2012 Total
	2013	2012	2013	2012		
Cash Receipts:						
Program Cash Receipts: (Continued)						
Proceeds of Bonds	50,700				50,700	-
Grants and Entitlements Not Restricted	1,108,542	895,904			1,108,542	895,904
Interest Receipts	91,004	100,471			91,004	100,471
Sale of Assets	44,560	96,256		17,550	44,560	113,806
Miscellaneous	378,896	537,895	21,967	37,637	400,863	575,532
Transfers/Advances (Net)	(3,000)	(35,000)	3,000	35,000		
Total General Cash Receipts and Transfers/Advances	9,638,605	9,458,961	24,967	90,187	9,663,572	9,549,148
Total Cash Receipt and Transfers	24,385,588	27,174,645	4,940,225	4,814,849	29,325,813	31,989,494
Cash Disbursements:						
Program Cash Disbursements:						
General Government						
Legislative and Executive	3,456,687	3,445,934			3,456,687	3,445,934
Judicial	2,131,621	2,062,985			2,131,621	2,062,985
Public Safety	3,218,535	3,124,073			3,218,535	3,124,073
Public Works	5,898,830	6,671,267			5,898,830	6,671,267
Health	145,321	141,931			145,321	141,931
Human Services	7,783,580	7,892,943			7,783,580	7,892,943
Conservation and Recreation	218,946	106,456			218,946	106,456
Economic Development	181,952	823,768			181,952	823,768
Debt Service:						
Principal Retirement	122,831	206,170			122,831	206,170
Interest and Fiscal Charges	24,767	115,950			24,767	115,950
Proprietary Funds			4,739,922	4,848,222	4,739,922	4,848,222
Total Cash Disbursements	23,183,070	24,591,477	4,739,922	4,848,222	27,922,992	29,439,699
Net Increase (Decrease) in Net Cash Position	1,202,518	2,583,168	200,303	(33,373)	1,402,821	2,549,795
Net Cash Position at Beginning of Year	14,419,498	11,836,330	1,207,451	1,240,824	15,626,949	13,077,154
Net Cash Position at End of Year	\$15,622,016	\$14,419,498	\$1,407,754	\$1,207,451	\$17,029,770	\$15,626,949

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 16 percent and 16 percent, respectively, of cash receipts for governmental activities for the County in 2013. Operating grants and contributions made up 39 percent of cash receipts for governmental activities for the County.

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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. Seventy percent of human services activities are supported through charges for services and operating grants and contributions. General cash receipts and transfers/advances (net) provide approximately 42 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 the 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 Costs of Services		Net Cost of Services	
	2013	2012	2013	2012
Cash Disbursements:				
Program Cash Disbursements:				
Legislative and Executive	\$3,456,687	\$3,445,934	\$2,525,720	\$2,460,151
Judicial	2,131,621	2,062,985	746,978	760,117
Public Safety	3,218,535	3,124,073	2,695,259	2,578,427
Public Works	5,898,830	6,671,267	(28,323)	(1,177,983)
Health	145,321	141,931	(67,788)	(68,813)
Human Services	7,783,580	7,892,943	2,172,375	1,826,603
Conservation and Recreation	218,946	106,456	213,656	101,806
Economic Development	181,952	823,768	30,612	73,365
Debt Service:				
Principal Retirement	122,831	206,170	122,831	206,170
Interest and Fiscal Charges	24,767	115,950	24,767	115,950
Total Cash Disbursements - Governmental	<u>23,183,070</u>	<u>24,591,477</u>	<u>8,436,087</u>	<u>6,875,793</u>
Business-Type Activities:				
Proprietary Funds	<u>\$4,739,922</u>	<u>\$4,848,222</u>	<u>\$175,336</u>	<u>(\$123,560)</u>

The County's Funds

Information about the County's major funds starts on page 16. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$24,871,907 and cash disbursements and other financing uses of \$24,907,609. The net change in the general fund balance for the year increased where the cash balance went from \$2,921,028 in 2012 to \$3,613,481 for 2013 primarily due to an increase in sales tax and casino revenue. The Pike Repair, Job and Family Service and Hardin County Board of Developmentally Disabilities Funds (HCBDD) had increases (decreases) in net position of \$319,744, \$17,782, (\$83,048), respectively, which may be an indication the economy is finally turning around.

All enterprise funds had total operating receipts of \$4,937,225, non-operating cash receipts of \$3,000, and operating cash disbursements of \$4,739,922 resulting in an increase of net position of \$200,303. The Hardin Hills fund had an increase in net position of \$224,821 as a result of increase in operating receipts.

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

For the general fund, final actual cash basis receipts and other financing sources were \$7,609,357, final budget estimates were \$6,620,000. Of this \$989,357 positive variance, an increase in sales taxes of \$562,797 was the largest variance.

Total actual disbursements and other financing uses on the budget basis (cash outlays and encumbrances) were \$7,118,347, which is \$847,287 less the final appropriations.

Capital Assets and Debt Administration

Capital Assets

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

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds and loans. At December 31, 2013 the County had \$597,492 in bonds and related long-term debt for Governmental Activities. Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for the past two years:

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

	<u>2013</u>	<u>2012</u>
Special Assessment Bonds		
with Governmental Commitment	\$392,300	\$391,600
OWDA Landfill Closure	66,160	129,402
OPWC Loan	139,032	148,621
Totals	<u>\$597,492</u>	<u>\$669,623</u>

Current Financial Related Activities

The County is stable financially at the present time. However, as the preceding information shows, the County heavily depends on its property taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, the County 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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
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(Continued)**

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 by e-mail at hcaudit@co.hardin.oh.us. Monthly financial reports for Hardin County are also available on the County's website at www.co.hardin.oh.us.

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**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	<u>Primary Government</u>			<u>Component Unit Totals</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>	
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$14,780,212	\$1,407,754	\$16,187,966	
Cash and Cash Equivalents in Segregated Accounts	30,149		30,149	\$200,256
Cash and Cash Equivalents with Fiscal Agent	811,655		811,655	
Total Assets	<u>\$15,622,016</u>	<u>\$1,407,754</u>	<u>\$17,029,770</u>	<u>\$200,256</u>
Net Position:				
Restricted for:				
Debt Service	\$25,909		\$25,909	
Capital Projects	1,343,492		1,343,492	
Other Purposes	10,709,988		10,709,988	
Unrestricted	3,542,627	1,407,754	4,950,381	200,256
Total Net Position	<u>\$15,622,016</u>	<u>\$1,407,754</u>	<u>\$17,029,770</u>	<u>\$200,256</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government:				
Legislative and Executive	\$3,456,687	\$896,219	\$34,748	
Judicial	2,131,621	647,997	736,646	
Public Safety	3,218,535	277,396	245,880	
Public Works	5,898,830	2,050,454	3,697,175	\$179,524
Health	145,321	122,109	91,000	
Human Services	7,783,580	766,724	4,844,481	
Conservation and Recreation	218,946		5,290	
Economic Development	181,952			151,340
Debt Service:				
Principal Retirement	122,831			
Interest and Fiscal Charges	24,767			
Total Governmental Activities	<u>23,183,070</u>	<u>4,760,899</u>	<u>9,655,220</u>	<u>330,864</u>
Business Type Activities:				
Hardin Hills	4,125,612	4,328,466		
Waste Transfer Station	536,586	539,537		
Sewers	77,724	47,255		
Total Business Type Activities	<u>4,739,922</u>	<u>4,915,258</u>		
Total Primary Government	<u>27,922,992</u>	<u>9,676,157</u>	<u>9,655,220</u>	<u>330,864</u>
Component Units:				
Airport	162,194	120,978	54,884	
Harco Industries	117,092	102,291		
Hardin Housing	193,085	205,838		
Total Component Units	<u>\$472,371</u>	<u>\$429,107</u>	<u>\$54,884</u>	<u>\$0</u>

General Cash Receipts and Transfers

Property Taxes Levied for:

General Purpose
 911 - Public Safety
 Hardin County Board of Developmental Disabilities
 Sheriff Levy
 Sales Taxes
 Proceeds from Sale of Capital Assets
 Proceeds from Sale of Bonds
 Grants and Entitlements not Restricted for Specific Purposes
 Contributions and Donations
 Interest
 Miscellaneous
 Total General Receipts

Transfers

Total General Cash Receipts and Transfers

Changes in Net Position

Net Cash Position Beginning of Year

Net Cash Position End of Year

See Accompanying Notes to the Basic Financial Statements.

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

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
(\$2,525,720)		(\$2,525,720)	
(746,978)		(746,978)	
(2,695,259)		(2,695,259)	
28,323		28,323	
67,788		67,788	
(2,172,375)		(2,172,375)	
(213,656)		(213,656)	
(30,612)		(30,612)	
(122,831)		(122,831)	
(24,767)		(24,767)	
<u>(8,436,087)</u>		<u>(8,436,087)</u>	
	\$202,854	202,854	
	2,951	2,951	
	(30,469)	(30,469)	
	<u>175,336</u>	<u>175,336</u>	
<u>(8,436,087)</u>	<u>175,336</u>	<u>(8,260,751)</u>	
			\$13,668
			(14,801)
			12,753
			<u>11,620</u>
1,300,293		1,300,293	
281,083		281,083	
2,010,619		2,010,619	
413,111		413,111	
3,962,797		3,962,797	
44,560		44,560	
50,700		50,700	
1,108,542		1,108,542	
			14,028
91,004		91,004	310
378,896	21,967	400,863	75
<u>9,641,605</u>	<u>21,967</u>	<u>9,663,572</u>	<u>14,413</u>
<u>(3,000)</u>	<u>3,000</u>		
<u>9,638,605</u>	<u>24,967</u>	<u>9,663,572</u>	<u>14,413</u>
1,202,518	200,303	1,402,821	26,033
<u>14,419,498</u>	<u>1,207,451</u>	<u>15,626,949</u>	<u>174,223</u>
<u>\$15,622,016</u>	<u>\$1,407,754</u>	<u>\$17,029,770</u>	<u>\$200,256</u>

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General</u>	<u>Pike Repair Fund</u>	<u>Job and Family Service Fund</u>	<u>HCBD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$3,613,481	\$1,572,738	\$157,891	\$3,455,803	\$5,980,299	\$14,780,212
Cash and Cash Equivalents in Segregated Accounts				30,149		30,149
Cash with Fiscal Agents				811,655		811,655
Total Cash Assets	<u>3,613,481</u>	<u>1,572,738</u>	<u>157,891</u>	<u>4,297,607</u>	<u>5,980,299</u>	<u>15,622,016</u>
Fund Balances:						
Non-spendable	59,854					59,854
Committed	11,000				249,291	260,291
Restricted		1,572,738	157,891	4,297,607	5,731,008	11,759,244
Assigned	116,933					116,933
Unassigned (Deficit)	3,425,694					3,425,694
Total Cash Fund Balances	<u>\$3,613,481</u>	<u>\$1,572,738</u>	<u>\$157,891</u>	<u>\$4,297,607</u>	<u>\$5,980,299</u>	<u>\$15,622,016</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, 2013**

	General Fund	Pike Repair Fund	Job and Family Services	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$1,300,293			\$2,010,619	\$694,194	\$4,005,106
Intergovernmental	1,108,542	\$3,729,876	\$2,371,161	1,568,262	2,316,785	11,094,626
Investment Income	88,941	563			1,500	91,004
Licenses and Permits	1,789				173,437	175,226
Fines and Forfeitures	17,131	28,406			248,149	293,686
Special Assessments					1,122,140	1,122,140
Charges for Services	1,147,839	659,267	178,695	295,937	888,109	3,169,847
Sales Tax	3,962,797					3,962,797
Miscellaneous	98,344	73,864		88,415	118,273	378,896
Total Receipts	7,725,676	4,491,976	2,549,856	3,963,233	5,562,587	24,293,328
Cash Disbursements:						
Current:						
General Government:						
Legislative and Executive	3,000,160				456,527	3,456,687
Judicial	1,335,742				795,879	2,131,621
Public Safety	2,153,625				1,064,910	3,218,535
Public Works	29,295	4,203,693			1,665,842	5,898,830
Health					145,321	145,321
Human Services	204,258		2,532,074	4,046,281	1,000,967	7,783,580
Conservation and Recreation	190,736				28,210	218,946
Economic Development and Assistance					181,952	181,952
Debt Service:						
Principal Retirement					122,831	122,831
Interest and Fiscal Charges					24,767	24,767
Total Disbursements	6,913,816	4,203,693	2,532,074	4,046,281	5,487,206	23,183,070
Cash Receipts Over (Under) Cash Disbursements	811,860	288,283	17,782	(83,048)	75,381	1,110,258
Other Financing Sources (Uses):						
Proceeds from Capital Assets	3,461	41,049			50	44,560
Proceeds from Bonds					50,700	50,700
Advances In	49,520		45,000		43,694	138,214
Advances Out	(45,694)		(45,000)		(47,520)	(138,214)
Transfers In					380,807	380,807
Transfers Out	(126,694)	(9,588)			(247,525)	(383,807)
Total Other Financing Sources (Uses)	(119,407)	31,461			180,206	92,260
Excess of Cash Receipts and Other Financing Sources: Over/(Under) Cash Disbursements and Other						
Financing Uses	692,453	319,744	17,782	(83,048)	255,587	1,202,518
Cash Fund Balances - Beginning of Year	2,921,028	1,252,994	140,109	4,380,655	5,724,712	14,419,498
Cash Fund Balances - End of Year	<u>\$3,613,481</u>	<u>\$1,572,738</u>	<u>\$157,891</u>	<u>\$4,297,607</u>	<u>\$5,980,299</u>	<u>\$15,622,016</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Business-Type Activities		
	Hardin Hills	Other Enterprise Funds	Total Enterprise Funds
Cash Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,316,571	\$91,183	\$1,407,754
Net Position:			
Unrestricted	\$1,316,571	\$91,183	\$1,407,754

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND NET POSITION-CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities		
	Hardin Hills	Other Enterprise Funds	Total Enterprise Funds
Operating Cash Receipts:			
Charges for Services	\$4,328,466	\$586,792	\$4,915,258
Other Operating Receipts	21,967		21,967
Total Operating Cash Receipts	<u>4,350,433</u>	<u>586,792</u>	<u>4,937,225</u>
Operating Cash Disbursements:			
Personal Services	2,203,405	108,371	2,311,776
Fringe Benefits	687,371	50,372	737,743
Contractual Services	163,276	192,507	355,783
Materials and Supplies	426,790	74,097	500,887
Other Operating Expenses	592,263	188,963	781,226
Capital Outlay	52,507		52,507
Total Operating Cash Disbursements	<u>4,125,612</u>	<u>614,310</u>	<u>4,739,922</u>
Operating (Loss)	224,821	(27,518)	197,303
Transfers-In		3,000	3,000
Changes in Net Position	<u>224,821</u>	<u>(24,518)</u>	<u>200,303</u>
Net Position - Beginning of Year	<u>1,091,750</u>	<u>115,701</u>	<u>1,207,451</u>
Net Position - End of Year	<u><u>\$1,316,571</u></u>	<u><u>\$91,183</u></u>	<u><u>\$1,407,754</u></u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2013**

	Private Purpose Trust	Agency
Cash Assets:		
Equity in Pooled Cash and Cash Equivalents	\$279,003	\$2,869,529
Cash and Cash Equivalents in Segregated Accounts		196,546
Total Cash Assets	279,003	3,066,075
Net Position:		
Retricted: Expendable	92,722	
Non-expendable	186,281	
Undistributed Assets		3,066,075
Total Net Position	\$279,003	\$3,066,075

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Private Trust
Cash Additions:	
Contributions	\$17,632
Investment Income	1,000
Total Cash Additions	<u>18,632</u>
Cash Deductions:	
Payments in Accordance with Trust Agreements	<u>17,071</u>
Total Cash Deductions	<u>17,071</u>
Changes in Net Position	1,561
Net Position - Beginning of Year	<u>277,442</u>
Net Position - End of Year	<u><u>\$279,003</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, 2013**

1. DESCRIPTION OF THE REPORTING ENTITY

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

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

A. Component Units

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 Developmental Disabilities (HCBDD), provides sheltered employment for adults with mental retardation or developmental disabilities in the County.

The Hardin County Board of Developmental Disabilities 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 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 30th; 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 Developmental Disabilities, provides capital facilities for mental hygiene services for adults with developmental disabilities in the County. The Hardin County Board of DD provides the staff salaries, transportation, equipment and other funds as necessary for the operation. Based on the significant services and resources provided by the County to the HCHD and HCHD's sole purpose of providing assistance to 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, 2013
(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 the 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 government. West CON is comprised of the boards of Developmental Disabilities (DD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these DD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Developmental Disabilities. Financial information can be obtained from Renee Place, Executive Director, 315 East Court, Sidney, Ohio 45365.

Hardin Regional Planning Commission

The Hardin 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 from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 4 3326.

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, 2013
(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, the County participated in a multi-county WDA with Auglaize and Mercer Counties, with Mercer County auditor as fiscal agent. Financial information can be obtained from Randy Grapner, Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

Hardin County Family and Children First Council

The Hardin County Family and Children First Council (FCFC) provide services to multi-need youth in the County. Members of the council include the Hardin County Board of Developmental Disabilities, Mental Health Board, Hardin County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Head Start, Kenton-Hardin County Board of Health, Kenton City Schools, Hardin County Human Services, Hardin County Educational Service Center and the Ohio Department of Youth Services. The operation of the council is controlled by an advisory committee, which consists of a representative from each agency. Funding comes mainly from the State of Ohio. Financial information can be obtained from Michael T. Bacon, Hardin County Auditor, One Courthouse Square, Suite 250, Kenton, Ohio 43326.

Logan County Juvenile Detention Center

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

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, 2013
(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. In 2013, tax revenues generated by the levy in Hardin County totaled \$198,869.

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 2013, tax revenues generated by the levy in Hardin County total \$201,291.

Complete financial statements can be obtained from the Allen County Auditor, Rhonda D. Eddy-Stienecker, 301 North Main Street, Room 103, P.O. Box 1243, Lima, Ohio 45802-1243.

Marion Hardin Correctional Center

The Marion Hardin Correctional Center, is a jointly established non-profit corporation whose 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 shall be a board composed of the following representatives: the President of the Board of County Commissioners, the Sheriff, and the Presiding Judge of the Court of Common Pleas or his designee from each member county. The Commission shall have an executive committee, construction committee, and operations committee who shall be responsible for the planning, construction, and day to day operating activities of the facility.

The Commission has no outstanding debt as of December 31, 2013. 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 the County Commissioners Association of Ohio, for the purpose of establishing the CORSA Insurance/Self-Insurance Program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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.

E. Related Organizations

Mary Lou Johnson Hardin County Public Library

The Library Board is made up of seven members, four are appointed by the Commissioners of the County and three are appointed by the Common Pleas Court Judge of the County. The County is not involved in the budgeting process or operational management of the Library, nor does it subsidize or finance its operations. The County does pass through local government monies from the State of Ohio to the Library.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

Hardin County Veterans Memorial Park District

The Park District Board is made up of three members, all of which are appointed by the Probate Judge of the County. The County is not involved in the budgeting process or operational management of the Park District, nor does it subsidize or finance its operations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-3 to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on another comprehensive basis of accounting (OCBOA). 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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government (except for fiduciary funds) and the discretely presented component units. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

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

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

2. Fund Financial Statements

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

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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fiduciary Funds

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

7. Component Units

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

C. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds, including 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 Position – Cash Basis" for the proprietary funds.

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

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

During 2013, investments were limited to STAR Ohio, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Corporate Bonds 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 2013. 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, 2013.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2013 amounted to \$88,941, which includes \$75,162 assigned from other County funds. For 2013, total interest receipts amounted to \$92,004 in which \$88,941 was recorded in the General Fund; \$563 was recorded in Pike Repair Fund; \$1,500 was recorded in other non-major Governmental Funds; and \$1,000 was recorded in the Private Purpose Trust Funds.

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

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 10 and 11 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.

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 the County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the JFS merely acts in an intermediary capacity. Therefore, the activity and inventory value of the stamps is not reflected in the accompanying financial statements. The County's JFS distributed approximately \$5,157,372 of federal food stamps during 2013.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

K. Fund Balance

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

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

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

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

L. Net Cash Position

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

M. Interfund Transactions

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

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

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

3. ACCOUNTABILITY AND COMPLIANCE

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute categorizes two categories. Active monies are public monies determined to be necessary to meet current demand upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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 could be deposited or invested with certain limitations in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or 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. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$10,723,497 of the County's bank balance of \$11,950,588 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.

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

As of December 31, 2013, the County's investments were as follows:

Investments

Description	Investment Maturities (in Years)		Fair Value	
	Carrying Value	Less than 1	1-2	3-5
Federal Home Loan Bank Notes			\$499,555	\$1,853,484
Federal Farm Credit Bank Notes			2,399,358	2,497,912
Corporate Bonds		\$501,921		
STAR Ohio	\$9,888	9,888		
Total	\$9,888	\$511,809	\$2,898,913	\$4,351,396

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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

The County has no investment policy dealing with investment credit risk beyond the requirement in state statutes. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and the money market fund be rated in the highest 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 ORC135.35 (J)(2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

The County places no limit on the amount it may invest in any one issuer. As of December 31, 2013, the County had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank Notes	\$4,897,270	63.09193%
Federal Home Loan Bank Notes	2,353,039	30.31439%
Corporate Bonds	501,921	6.46629%
STAR Ohio	9,888	0.12739%
Total Investments	<u>\$7,762,118</u>	<u>100%</u>

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and public utility tangible 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 2011 for taxes payable in 2012.

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2013, was \$12.05 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$12.05 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 \$9.83 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$11.61 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

The assessed value upon which the 2013 taxes were collected was \$532,234,380.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. PROPERTY TAXES (Continued)

Real Property - 2013 Valuation:	
Residential/Agricultural - 2012 Valuation	\$446,453,620
Commercial	39,571,720
Industrial	20,410,440
Public Utilities	397,030
Tangible Personal Property - 2013 Valuation	
Public Utilities	<u>25,401,570</u>
Total Valuation	<u><u>\$532,234,380</u></u>

Real property taxes for tax year 2013 are payable annually or semi-annually. If paid annually, payment is due February 13, 2013. If paid semi-annually, the first payment is due February 8, 2013 with the remainder payable by July 10, 2013. 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.

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

6. 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 2013 amounted to \$3,962,797 and is recorded in the General Fund.

7. SHORT TERM DEBT

There is no short-term debt in 2013.

8. LEASE-PURCHASE AGREEMENT

On September 29, 2011, the County entered into a lease-purchase financing agreement with Ford Motor Credit Company to finance the acquisition of five sheriff cruisers. The Lease requires the County to make payments of principal and interest each September 29 beginning September 29, 2011 and ending September 29, 2013. The County special Sheriff Levy Fund will be used to pay the principal and interest portions of the lease. The lease was paid off this year with principal payments of \$48,027.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. LONG TERM DEBT

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

A. The County's long term debt transactions for the year ended December 31, 2013, are summarized below:

	Debt Principal Outstanding 01/01/13	Debt Principal Issued	Debt Principal Retired	Debt Principal Outstanding 12/31/13
Special Assessment Bonds with Government Commitment	\$391,600	\$50,700	\$50,000	\$392,300
OWDA Loan - Landfill Closure	129,402		63,243	66,159
OPWC Loan	148,621		9,588	139,033
Total	\$669,623	\$50,700	\$122,831	\$597,492

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 total amount borrowed by the County under the OWDA Loan was \$891,616. The loan is 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. The debt is being repaid from the Special Revenue Landfill Assessment Fund.

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

In 2009, the County issued two Special Assessment taxable bonds. One was for the purpose of reimbursing the cost of construction improvements to a landfill slurry wall in the amount of \$500,000 and the other was for the purpose of paying the cost of constructing improvements to Maddy Ditch #1092 in the amount of \$11,600.

The \$500,000 Landfill Slurry Wall bonds are scheduled for repayment over a ten year period that began in April 2010.

In 2010, the County issued a Special Assessment taxable bond. It was for the purpose of paying the cost of constructing improvements to Marquart Ditch in the amount of \$3,300.

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

In 2013, the County issued Special Assessment taxable bonds. They were for the purpose of paying the cost of constructing improvements to Dulin Ditch in the amount of \$10,700 and Moore Ditch in the amount of \$40,000.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. LONG TERM DEBT (Continued)

The following are descriptions of the bonds and loans that existed in 2013 and were outstanding as of December 31, 2013:

Description	Issue Date	Issue Rate %	Original Amount	2013 Paid Amount	Outstanding Amount	Maturity Date
Special Assessment Bonds:						
Landfill Slurry Wall	2009	4.99%	\$500,000	\$46,000	\$328,600	2019
Maddy Ditch	2009	3.97%	11,600	1,700	1,600	2014
Marquart Ditch	2010	5.50%	3,300	500	1,000	2028
Taylor Creek	2011	5.50%	17,800	1,800	10,400	2019
Dulin Ditch	2013	4.60%	10,700		10,700	2018
Moore Ditch	2013	2.34%	40,000		40,000	2019
Total Special Assessment Bonds				50,000	392,300	
Loans:						
OWDA Loan	July '97	4.56%	891,616	63,243	66,160	2014
OPWC Loan	July '99	0.00%	191,768	9,588	139,032	2029
Total Loans				72,831	205,192	
Total Bonds and Loans				\$122,831	\$597,492	

B. The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2013, including interest payments of \$67,998 are as follows:

	Special Assessment Bonds with Government Commitment		OWDA Landfill Closure Loan		OWPC Bridge Loans
	Principal	Interest	Principal	Interest	Principal
2014	\$69,700	\$18,907	\$66,160	\$2,271	\$9,588
2015	61,600	15,333			9,588
2016	63,600	12,452			9,588
2017	65,600	9,474			9,588
2018	68,500	6,394			9,588
2019-2023	63,300	3,167			47,943
2024-2028					43,149
Total	\$392,300	\$65,727	\$66,160	\$2,271	\$139,032

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 un-voted 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, 2013 are an overall debt margin of \$11,234,277 and an un-voted debt margin of \$5,322,344

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

10. PENSION OBLIGATIONS

A. Ohio Public Employees Retirement System

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, 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 plan. The 2013 member contribution rates were 10.0% for members in state and local classifications. The 2013 employer contribution rate for state and local employers was 14.0% of covered payroll. For 2013, a portion of the County's contribution equal to 4 percent of covered payroll was allocated to fund the postemployment health care plan. The County's contributions for pension obligations to OPERS for the years ended December 31, 2013, 2012 and 2011 were \$1,115,965, \$1,106,466, and \$970,078 respectively; 100% has been contributed for all three years.

B. State Teachers Retirement Systems

Plan Description - Certified teachers, employed by the County for Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. 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.stroh.org.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

10. PENSION OBLIGATIONS (Continued)

New members have a choice of three retirement plan options, 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. 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 life time 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 DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

If a member 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 fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 contribution for pension obligations for the fiscal years 2013, 2012, and 2011 was \$49,484, \$42,733 and \$39,544, respectively; 100.00 percent has been contributed for fiscal years June 30, 2013, 2012 and 2011.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio 2012 Comprehensive Annual Financial Report will be available after December 17, 2012. Additional information or copies of STRS Ohio's 2012 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Board St., Columbus, Ohio 43215-3771, by calling toll-free (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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, 2013, none have elected Social Security.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (OPERS)

Plan Description – OPERS administers three separate pension plans: The Traditional Pension plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including the postemployment healthcare.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377 or by visiting <https://www.opers.org/investments/cafr.shtml>.

Funding Policy – 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 percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0% of covered payroll. 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. Active members do not make contributions to the OPEB plan.

The post-employment healthcare plan was established under, and is administered 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. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 4% during calendar year 2013.

The OPERS Board to Trustees is authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The County's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2013, 2012, and 2011 were \$446,386, \$442,587, and \$538,932 respectively. The full amount has been contributed for all three years.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for public safety and law enforcement employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2012. These rate increases allowed additional funds to be allocated to the health care plan.

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 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 2013, STRS 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 2013, 2012, and 2011 were \$3,535, \$3,282, and \$3,042, respectively; 100 percent has been contributed for 2013, 2012, and 2011.

12. REVOLVING LOANS

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

Payments made during 2013 and balances outstanding at December 31, 2013 were as follows:

Business:	Rate	Maturity Year	Beginning Principal 2013	Principal Paid 2013	Principal Outstanding 2013
Plastic Systems	4.75%	2017	\$70,783	\$13,945	\$56,838
Dairy Barn	4.00%	2029	33,481	1,414	32,067
Laugh and Learn Day Care	4.00%	2024	56,473	4,884	51,589
Total Principal Paid and Outstanding			<u>\$160,737</u>	<u>\$20,243</u>	<u>\$140,494</u>

13. 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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

13. RISK MANAGEMENT (Continued)

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 coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Coverage provided is as follows:

General Liability - Each Occurrence	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Excess Liability	5,000,000
Building and Contents	
(Include Comprehensive Boiler and Machinery)	79,676,293
Business Income/Extra Expense	1,000,000
Crime	1,000,000
Equipment Breakdown - Service Interruption	100,000,000
Public Officials Liability	1,000,000
Ohio Stop Gap Employer' Liability	250,000
Uninsured/Underinsured Motorists	250,000
Medical Professional Liability	6,000,000
Foster Parents Coverage	500,000
Sewer Lines	500,000
Attorney Disciplinary Proceedings	25,000
Dog Warden Blanket Bond	2,000
Other Coverage:	1,000,000
Extra Expenses - Business Interruption	100,000
EDP Media	1,000,000
Valuable Papers	100,000,000
Flood	100,000,000
Earthquake	100,000,000
Money and Securities	5,000,000
Automatic Acquisition	5,000,000
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, dental, and prescription. Settled claims resulting from these risks have not exceeded CORSA's and commercial insurance coverage in any of the past three fiscal years.

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE

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

	Airport Authority	HARCO Industries	Hardin Housing	Totals
Program Cash Receipts	\$175,862	\$102,291	\$205,838	\$483,991
General Cash Receipts	77	14,233	103	14,413
Program Cash Disbursements	(162,194)	(117,092)	(193,085)	(472,371)
Changes in Net Cash Assets	13,745	(568)	12,856	26,033
Net Cash Assets Beginning of Year	117,292	47,448	9,483	174,223
Net Cash Assets End of Year	<u>\$131,037</u>	<u>\$46,880</u>	<u>\$22,339</u>	<u>\$200,256</u>

A. Hardin County Airport Authority

Accounting Basis

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

Fund Accounting

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

Deposits and Investments

The Airport maintained all money in a checking account which is valued at cost. The carrying amount of deposits at December 31 was \$131,037. Deposits are insured by the Federal Depository Insurance Corporation.

Property, Plant, and Equipment

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

B. HARCO Industries, Inc.

Accounting Basis

The financial statements of HARCO Industries, Inc. have been prepared in conformity with accounting principles of generally accepted in the United States (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Basic financial statements are prepared using the accrual basis of accounting. For purposes of presentation within the County financial statements, cash activity has been presented.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE (Continued)

Fund Accounting

HARCO Industries, Inc. uses one fund to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain HARCO Industries, Inc. functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The one fund of HARCO Industries, Inc. is classified Proprietary Enterprise.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows all cash equivalents under 90 days maturity are included. The carrying value of cash and cash equivalents was \$46,880. Deposits are secured by National Credit Union Administration (NCUA) or by the Federal Depository Insurance Corporation.

Capital Assets

Building and equipment are not recognized on HARCO Industries, Inc. books of account. All property is owned by the Hardin County Board of Developmental Disabilities (DD).

Tax-exempt Status

The entity has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and is exempt from federal income tax under Section 501(c) (3).

C. Hardin Housing

Accounting Basis

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

Fund Accounting

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

Property and Equipment

Property and equipment is listed at cost, net of accumulated depreciation, which is calculated using the straight-line method. Buildings are depreciated over a life of forty years, equipment over ten years and improvements over fifteen years. Assets of more than \$50 are capitalized. Items under \$50 are recorded in the expense account "Supplies".

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE (Continued)

Cash

Cash includes amounts in demand deposits. At year end the carrying amount of bank deposits was \$22,239. Of the bank balance, all was covered by federal depository insurance.

Tax-exempt Status

The Organization is exempt from federal taxes on income under Section 501 (C)(3) of the Internal Revenue Code effective May 15, 1995.

15. RELATED PARTY TRANSACTIONS

During 2013, the County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to HARCO Industries, Inc. (workshops). HARCO Industries, Inc., which is one of the discretely presented component units of the 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 Board of Developmental Disabilities amounts to \$26,431 (the latest data available).

During 2013, the County provided staff salaries, transportation, equipment and other funds as necessary to the Hardin County Housing Development, Inc (HCHD). HCHD recorded operating revenues and expenses at cost or fair market value as applicable, to the extent the contribution is related to the operation of the housing.

16. COMMITMENTS

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

Encumbrances as of year-end were:

<u>Fund</u>	<u>Assigned</u>	<u>Restricted</u>	<u>Total</u>
Major Governmental Funds:			
General	\$116,933		\$116,933
Pike Repair		\$92,234	92,234
Job and Family Services		77,000	77,000
Hardin County Board of DD		12,181	12,181
Non-Major Governmental Funds		487,978	487,978
Totals	\$116,933	\$669,393	\$786,326

17. 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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

17. CONTINGENT LIABILITIES (Continued)

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, 2013.

B. Landfill

Each year the County engages a consultant to complete a study regarding post closure landfill costs (monitoring and maintenance of the site). This study is subject to review by the Ohio Environmental Protection Agency. Last year's study estimated that \$1,657,329 will be incurred over the remaining 12.5 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 construction 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%.

C. Litigation

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

18. FUND BALANCES

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

Fund Balances	General	Pike Repair Fund	Job and Family Services Fund	HCBDD Fund	Governmental Funds	Total
Non-spendable:						
Unclaimed Monies	\$59,854					\$59,854
Restricted for:						
Road and Bridge Maintenance		\$1,572,738				1,572,738
Ditch Maintenance					\$1,210,859	1,210,859
Real Estate Assessment					398,204	398,204
Public Assistance			\$157,891			157,891
Education				\$4,297,607		4,297,607
Capital Improvements					1,094,201	1,094,201
Debt Service Payments					25,909	25,909
911 Services					505,434	505,434
Children Services					582,287	582,287
Other Purposes					1,914,114	1,914,114
Total Restricted		1,572,738	157,891	4,297,607	5,731,008	11,759,244

(Continued)

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

18. FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>General</u>	<u>Pike Repair Fund</u>	<u>Job and Family Services Fund</u>	<u>HCBDD Fund</u>	<u>Governmental Funds</u>	<u>Total</u>
Committed:						
Capital Improvements					249,291	249,291
Underground Storage	11,000					11,000
Total Committed	11,000				249,291	260,291
Assigned To:						
Other Purposes	116,933					116,933
Unassigned	3,425,694					3,425,694
Total Fund Balance	<u>\$3,613,481</u>	<u>\$1,572,738</u>	<u>\$157,891</u>	<u>\$4,297,607</u>	<u>\$5,980,299</u>	<u>\$15,622,016</u>

19. OPERATING TRANSFERS

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$126,694
Pike Repair		9,588
Other Governmental Funds:		
Indigent Guardianship	\$4,000	
Landfill		133,123
GIS	61,554	
Information Technology Dept.	25,000	
Emergency Management Agency	22,619	
Youth Service Program		
Keep Hardin Co. Beautiful	10,520	
Note Retirement-OWDA-Landfill	68,431	
OPWC Debt Retirement	9,588	
Slurry Wall Bond Note Retirement	64,693	
Patterson Avenue Ditch Fund		100,000
Blanchard River Maintenance Fund	100,000	
Moore Ditch Maintenance Fund		14,402
Scioto River Maintenance Fund	14,402	
Enterprise Funds:		
Reed Road Sanitary Sewer	3,000	-
Totals	<u>\$383,807</u>	<u>\$383,807</u>

20. CONDUIT DEBT

In December 2013, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2013, in the amount of \$49,875,000 for the benefit of Ohio Northern University to refund and retire certain revenue financings.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$1,254,000	\$1,254,000	\$1,300,293	\$46,293
Sales Tax	3,400,000	3,400,000	3,962,797	562,797
Charges for Services	882,000	882,000	980,619	98,619
Licenses and Permits	2,000	2,000	1,789	(211)
Fines and Forfeitures	22,000	22,000	17,131	(4,869)
Intergovernmental	920,700	920,700	1,108,542	187,842
Earnings of Investments	80,000	80,000	88,941	8,941
Other	54,300	54,300	96,265	41,965
Total Receipts	<u>6,615,000</u>	<u>6,615,000</u>	<u>7,556,377</u>	<u>941,377</u>
Disbursements:				
Current:				
General Government:				
Legislative and Executive	3,099,933	3,222,974	3,044,664	178,310
Judicial	1,348,326	1,516,006	1,305,673	210,333
Public Safety	2,017,622	2,215,383	2,162,334	53,049
Public Works	30,043	30,043	29,295	748
Human Services	235,033	241,722	210,758	30,964
Conservation and Recreation	56,200	221,506	193,236	28,270
Total Disbursements	<u>6,787,157</u>	<u>7,447,634</u>	<u>6,945,960</u>	<u>501,674</u>
Excess of Receipts Over (Under) Disbursements	<u>(172,157)</u>	<u>(832,634)</u>	<u>610,417</u>	<u>1,443,051</u>
Other Financing Sources (Uses):				
Sale of Fixed Assets		5,000	3,460	(1,540)
Advances In			49,520	49,520
Advances Out			(45,694)	(45,694)
Transfer Out	(100,000)	(515,000)	(126,694)	388,306
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(510,000)</u>	<u>(119,408)</u>	<u>390,592</u>
Net Change in Fund Balance	(272,157)	(1,342,634)	491,009	1,833,643
Fund Balances at Beginning of Year	2,385,858	2,385,858	2,385,858	
Prior Year Encumbrances Appropriated	<u>118,415</u>	<u>118,415</u>	<u>118,415</u>	
Unencumbered Fund Balance End of Year	<u>\$2,232,116</u>	<u>\$1,161,639</u>	<u>\$2,995,282</u>	<u>\$1,833,643</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PIKE REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Charges for Services	\$4,395,000	\$4,395,000	\$3,729,876	(\$665,124)
Fines and Forfeitures	35,000	35,000	28,406	(6,594)
Investment Income	5,000	5,000	563	(4,437)
Charges for Services	2,100,000	2,100,000	659,267	(1,440,733)
Miscellaneous	220,000	220,000	73,864	(146,136)
Total Receipts	<u>6,755,000</u>	<u>6,755,000</u>	<u>4,491,976</u>	<u>(2,263,024)</u>
Expenditures:				
Current:				
Public Works	6,655,000	6,678,743	4,295,928	2,382,815
Total Disbursements	<u>6,655,000</u>	<u>6,678,743</u>	<u>4,295,928</u>	<u>2,382,815</u>
Excess of Receipts Over (Under) Disbursements	<u>100,000</u>	<u>76,257</u>	<u>196,048</u>	<u>119,791</u>
Other Financing Sources (Uses):				
Sale of Fixed Assets	50,000	50,000	41,049	(8,951)
Transfers Out	(150,000)	(150,000)	(9,588)	140,412
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>31,461</u>	<u>131,461</u>
Net Change in Fund Balance		(23,743)	227,509	251,252
Fund Balances at Beginning of Year	1,228,811	1,228,811	1,228,811	
Prior Year Encumbrances Appropriated	<u>24,183</u>	<u>24,183</u>	<u>24,183</u>	
Unencumbered Fund Balance End of Year	<u>\$1,252,994</u>	<u>\$1,229,251</u>	<u>\$1,480,503</u>	<u>\$251,252</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$2,520,000	\$2,520,000	\$2,371,161	(\$148,839)
Charges for Services	325,000	325,000	178,695	(146,305)
Total Receipts	<u>2,845,000</u>	<u>2,845,000</u>	<u>2,549,856</u>	<u>(295,144)</u>
Disbursements:				
Current:				
Human Services	<u>2,259,680</u>	<u>2,819,490</u>	<u>2,609,074</u>	<u>210,416</u>
Total Disbursements	<u>2,259,680</u>	<u>2,819,490</u>	<u>2,609,074</u>	<u>210,416</u>
Excess of Receipts Over (Under) Disbursements	<u>585,320</u>	<u>25,510</u>	<u>(59,218)</u>	<u>(84,728)</u>
Other Financing Sources (Uses):				
Advances In			45,000	45,000
Advances Out			<u>(45,000)</u>	<u>(45,000)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	585,320	25,510	(59,218)	(84,728)
Fund Balances at Beginning of Year	13,110	13,110	13,110	
Prior Year Encumbrances Appropriated	<u>126,999</u>	<u>126,999</u>	<u>126,999</u>	
Unencumbered Fund Balance End of Year	<u><u>\$725,429</u></u>	<u><u>\$165,619</u></u>	<u><u>\$80,891</u></u>	<u><u>(\$84,728)</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HCBDD FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Taxes	\$2,007,500	\$2,007,500	\$2,010,619	\$3,119
Intergovernmental	1,614,080	1,614,080	1,568,262	(45,818)
Charges for Services	6,500	6,500	33,761	27,261
Miscellaneous	214,496	214,496	87,574	(126,922)
Total Revenue	<u>3,842,576</u>	<u>3,842,576</u>	<u>3,700,216</u>	<u>(142,360)</u>
Disbursements:				
Current:				
Human Services	3,907,988	3,970,687	3,761,491	209,196
Total Expenditures	<u>3,907,988</u>	<u>3,970,687</u>	<u>3,761,491</u>	<u>209,196</u>
Excess of Receipts Over Disbursements	<u>(65,412)</u>	<u>(128,111)</u>	<u>(61,275)</u>	<u>66,836</u>
Fund Balances at Beginning of Year	4,011,005	4,011,005	4,011,005	
Prior Year Encumbrances Appropriated	<u>8,499</u>	<u>8,499</u>	<u>8,499</u>	
Unencumbered Fund Balance End of Year	<u><u>\$3,954,092</u></u>	<u><u>\$3,891,393</u></u>	<u><u>\$3,958,229</u></u>	<u><u>\$66,836</u></u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

BUDGETARY PROCESS

A. Budget

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

B. Estimated Resources

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

C. Appropriations

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly before the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution that legally authorizes the expenditure of funds for respective officeholders and department heads.
3. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the 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 levels require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2013 and were considered routine.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

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

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

F. Budgetary Basis of Accounting

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

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

	Net Changes in Fund Balance			
	General	Pike Repair	Job and Family Services	HCBDD
Budget Basis	\$2,995,283	\$1,480,503	\$80,891	\$3,958,229
Activity with Fiscal Agent*				\$327,197
Adjustments for Encumbrances	\$116,933	\$92,234	\$77,000	\$12,181
Funds Budgeted Elsewhere**	501,265			
Cash Basis	\$3,613,481	\$1,572,737	\$157,891	\$4,297,607

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

*Represents net changes in activity from West Con recorded on the cash financial statements at year-end.

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

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**FINANCIAL CONDITION
HARDIN COUNTY**

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

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>(Passed through Ohio Department Job and Family Services)</i>			
Supplemental Nutrition Assistance Program	G-1213-11-0048	10.561	\$173,524
Total United States Department of Agriculture			<u>173,524</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Department of Development)</i>			
Community Development Block Grant's / State's Program			
Community Development Program	B-F-12-1BD-1	14.228	79,728
Community Development Program	B-F-11-1BD-1	14.228	19,732
Community Development Program	B-C-12-1BD-1	14.228	18,260
Community Development Program	B-C-12-1BD-2	14.228	27,784
Total Community Development Block Grant's / State's Program			<u>145,504</u>
Total United States Department of Housing and Urban Development			<u>145,504</u>
U.S. DEPARTMENT OF JUSTICE			
<i>(Direct Program)</i>			
Drug Court Discretionary Grant Program	2010-DC-BX-0128	16.585	88,814
<i>(Passed through Ohio Criminal Justice Services)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2012-JG-D01-6272	16.738	13,399
Total United States Department of Justice			<u>102,213</u>
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster:			
Special Education Grants to States	066027-6BSF-2013	84.027	26,692
Special Education Preschool Grants	066027-PGS1-2013	84.173	10,950
Total Special Education Cluster			<u>37,642</u>
Total United States Department of Education			<u>37,642</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Direct Program)</i>			
Substance Abuse and Mental Health Services	1H79T1020938-01	93.243	183,299
<i>(Passed through Ohio Department Job and Family Services)</i>			
Temporary Assistance for Needy Families (TANF) State Programs	G-1213-11-0048	93.558	1,015,033
Medical Assistance Program	G-1213-11-0048	93.778	331,051
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Medical Assistance Program		93.778	47,395
Total Medical Assistance Program			<u>378,446</u>
<i>(Passed through Ohio Department Job and Family Services)</i>			
Adoption Assistance	G-1213-11-0048	93.659	10,401
Child Abuse Neglect and Prevention Month	G-1213-11-0048	93.590	2,000
Child Care and Development Block Grant	G-1213-11-0048	93.575	28,825

(continued)

**FINANCIAL CONDITION
HARDIN COUNTY**

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

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Social Services Block Grant <i>(Passed through Ohio Department of Developmental Disabilities)</i>	G-1213-11-0048	93.667	304,508
Social Services Block Grant		93.667	<u>23,812</u>
Total Social Services Block Grant			328,320
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Promoting Safe and Stable Families	G-1213-11-0048	93.556	36,757
Stephanie Tubbs Jones Child Welfare Services Program	G-1213-11-0048	93.645	54,275
Foster Care Title IV-E	G-1415-06-0207	93.658	26,459
Foster Care Title IV-E	G-1213-11-0048	93.658	<u>142,663</u>
Total - Foster Care Title IV-E			169,122
<i>(Passed through Ohio Department of Child Support Enforcement)</i>			
Child Support Enforcement	G-1213-11-0049	93.563	285,759
<i>(Passed through Ohio Secretary of State)</i>			
Voting Access for Individuals With Disabilities_Grants to States	N/A	93.617	<u>5,596</u>
Total United States Department of Health and Human Services			<u>2,497,833</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grants	EMW-2013-EP-00060-S01	97.042	7,389
Emergency Management Performance Grants	EMW-2012-EP-00004-S01	97.042	<u>8,349</u>
Total Emergency Management Performance Grants			15,738
Homeland Security Grant Program	EMW-201-SS-00070	97.067	1,913
Homeland Security Grant Program	2010-SS-TO-00012	97.067	<u>5,000</u>
Total Homeland Security Grant Program			<u>6,913</u>
Total United States Department of Homeland Security			<u>22,651</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>(Passed through Ohio Department of Transportation)</i>			
Highway Planning and Construction	E091(201)	20.205	<u>35,702</u>
Total United States Department of Transportation			<u>35,702</u>
Total Federal Awards Expenditures			<u><u>\$3,015,069</u></u>

See accompanying notes to the schedule of federal awards expenditures.

**FINANCIAL CONDITION
HARDIN COUNTY**

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

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 basic 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 disbursements; consequently, 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.

Small Business Revolving Loans	Loan Activity and Balances	Cash Activity and Balances
Beginning Balances January 1, 2013	\$160,737	\$100,384
Loan Principal Repayments / Cash Receipts	(20,243)	27,625
Loan and Grant Disbursements / Disbursements	-	(5,471)
Ending Balances December 31, 2013	<u>\$140,494</u>	<u>\$122,538</u>

See financial statement note 12 for additional loan activity details.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 11, 2014 wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. Our report refers to other auditors who audited the financial statements of the component unit Hardin County Housing Development, Inc. as described in our report on the Hardin County financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits from the Comptroller General of the United States' *Government Auditing Standards*. Other auditors audited the financial statements of the component unit HARCO Industries, Inc. as described in our report on the Hardin County financial statements. The financial statements of HARCO Industries, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Finding

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.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

September 11, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2014

**FINANCIAL CONDITION
HARDIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 93.243 – Substance Abuse and Mental Health Services CFDA # 93.558– Temporary Assistance for Needy Families CFDA # 93.667 – Social Services Block Grant CFDA # 93.563 – Child Support Enforcement
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Noncompliance Citation

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

Ohio Adm. Code § 117-2-03 (B) requires all counties to file annual financial reports in accordance with generally accepted accounting principles (GAAP). The County prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code §117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its financial statements according to generally accepted accounting principles to provide the users with more meaningful and complete financial statements.

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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Financial Reporting – The financial statements had reporting errors.	No	Repeated in the management letter
2012-002	Ohio Rev. Code Section 117.28 – Finding for Recovery Repaid Under Audit – a severance payment was not correctly calculated resulting in an overpayment.	Yes	
2012-003	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 2013-001

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Dave Yost • Auditor of State

HARDIN COUNTY 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 30, 2014