HARDIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

HARDIN COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the component unit, Hardin County Housing Development, Inc. which represents 17 percent, of the assets/net position and 23 percent of the receipts of the component unit column. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Hardin County Housing Development, Inc., is based solely on the report of the other auditor. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio, as of December 31, 2018, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplementary Information

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

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

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

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2019, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2019

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HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
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, 2018, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 11.

Financial Highlights

Key financial highlights for 2018 are as follows:

Overall:

- Total net position increased $708,919 with Governmental Activities increasing by $876,770 and Business-Type Activities decreasing by $167,851.
- Total cash receipts were $33,304,901 in 2018.Total cash disbursements were $32,595,982 in 2018.

Governmental Activities:

- Total cash receipts were $28,202,299 in 2018, while cash disbursements were $27,325,529 for the increase of $876,770.
- Public Works and Human Services related programs had the largest cash disbursements totaling $15,348,499 in 2018.

Business-Type Activities:

Cash receipts were $5,102,602 for Business Activities, while corresponding cash disbursements were $5,270,453 for the decrease of $167,851. Hardin Hills net cash position decreased by $177,572, Waste Transfer Station net cash position increased by $3,519, and Sewers net cash position increased by $6,202.

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.

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 2018?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting 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 that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

> **Governmental Activities** - Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, economic development and debt service.
>
> **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all 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, 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.

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 2018 compared to the prior year:

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Equity in Pooled Cash & Cash Equivalents	$ 21,605,052	$ 20,522,539	$ 665,581	$ 833,432	$ 22,270,633	$ 21,355,971
Cash & Cash Equivalents Segregated Accounts	-	30,828			-	30,828
Cash With Fiscal Agent	289,591	464,506	-	-	289,591	464,506
Total Assets	$ 21,894,643	$ 21,017,873	$ 665,581	$ 833,432	$ 22,560,224	$ 21,851,305
Net Cash Position						
Restricted	$ 12,821,910	$ 12,606,175	$ -	$ -	$ 12,821,910	$ 12,606,175
Unrestricted	9,072,733	8,411,698	665,581	833,432	9,738,314	9,245,130
Total Net Cash Position	$ 21,894,643	$ 21,017,873	$ 665,581	$ 833,432	$ 22,560,224	$ 21,851,305

Total assets increased by $708,919 with governmental assets increasing by $876,770 and Business-Type Assets decreasing by $167,851.

Table 2 shows the changes in cash net position for year 2018:

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		2018	2017
	2018	2017	2018	2017	Total	Total
Cash Receipts						
Program Cash Receipts						
Charges for Services	$ 5,898,628	$ 5,272,815	$ 4,958,093	$ 4,932,663	$ 10,856,721	$ 10,205,478
Operating Grants and Contributions	10,023,945	10,492,119	-	-	10,023,945	10,492,119
Capital Grants and Contributions	765,863	1,656,466	-	-	765,863	1,656,466
Total Program Cash Receipts	16,688,436	17,421,400	4,958,093	4,932,663	21,646,529	22,354,063
General Cash Receipts and Transfers						
Property Taxes						
General Purpose	1,593,815	1,735,687	-	-	1,593,815	1,735,687
911-Public Safety	295,588	295,039	-	-	295,588	295,039
Developmental Disabilities	2,122,160	2,117,644	-	-	2,122,160	2,117,644
Sheriff Levy	433,323	432,999	-	-	433,323	432,999
Sales Taxes	4,337,870	4,955,801	-	-	4,337,870	4,955,801
Grants and Entitlements Not Restricted	1,659,044	1,485,618	-	-	1,659,044	1,485,618
Interest	464,293	311,585	-	-	464,293	311,585
Proceeds from the Sale of Assets	69,345	43,104	-	-	69,345	43,104
Miscellaneous	533,425	468,131	37,509	9,291	570,934	477,422
Transfers/Advances (Net)	(102,000)	(102,000)	102,000	102,000	-	-
Total General Cash Receipts and Transfers	11,406,863	11,743,608	139,509	111,291	11,546,372	11,854,899
Total Cash Receipt and Transfers	28,095,299	29,165,008	5,097,602	5,043,954	33,192,901	34,208,962

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018
UNAUDITED
(Continued)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		2018	2017
	2018	2017	2018	2017	Total	Total
Cash Disbursements						
Program Cash Disbursements						
General Government						
Legislative and Executive	4,399,046	3,867,337	-	-	4,399,046	3,867,337
Judicial	2,576,442	2,399,241	-	-	2,576,442	2,399,241
Public Safety	3,668,081	3,402,236	-	-	3,668,081	3,402,236
Public Works	6,592,205	7,198,809	-	-	6,592,205	7,198,809
Health	116,469	152,629	-	-	116,469	152,629
Human Services	8,756,294	8,438,282	-	-	8,756,294	8,438,282
Conservation and Recreation	116,459	89,006	-	-	116,459	89,006
Economic Development	949,628	1,121,877	-	-	949,628	1,121,877
Debt Service:						
Principal Retirement	42,738	51,132	-	-	42,738	51,132
Interest and Fiscal Charges	1,167	1,668	-	-	1,167	1,668
Proprietary Funds	-	-	5,265,453	5,325,489	5,265,453	5,325,489
Total Cash Disbursements	27,218,529	26,722,217	5,265,453	5,325,489	32,483,982	32,047,706
Net Increase (Decrease) in Net Cash Position	876,770	2,442,791	(167,851)	(281,535)	708,919	2,161,256
Net Cash Position at Beginning of Year	21,017,873	18,575,082	833,432	1,114,967	21,851,305	19,690,049
Net Cash Position at End of Year	$21,894,643	$21,017,873	$665,581	$833,432	$22,560,224	$21,851,305

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 16 percent and 15 percent, respectively, of cash receipts for governmental activities for the County in fiscal year 2018. Operating grants and contributions made up 36 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Human services activities are supported 66 percent through charges for services, operating grants and contributions; and capital grants and contributions. General cash receipts and transfers provide approximately 41 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	
	2018	**2017**	**2018**	**2017**
Cash Disbursements				
Program Cash Disbursements				
Legislative and Executive	$ 4,399,046	$ 3,867,337	$ 3,104,769	$ 2,740,563
Judicial	2,576,442	2,399,241	1,018,198	918,251
Public Safety	3,668,081	3,402,236	3,058,567	2,830,797
Public Works	6,592,205	7,198,809	50,299	214,615
Health	116,469	152,629	(101,840)	(66,150)
Human Services	8,756,294	8,438,282	3,004,333	2,500,594
Conservation and Recreation	116,459	89,006	114,717	87,506
Economic Development	949,628	1,121,877	237,145	21,841
Debt Service:				
Principal Retirement	42,738	51,132	42,738	51,132
Interest and Fiscal Charges	1,167	1,668	1,167	1,668
Total Cash Disbursements - Governmental	27,218,529	26,722,217	10,530,093	9,300,817
Business-Type Activities				
Proprietary Funds	$ 5,265,453	$ 5,325,489	$ 307,360	$ 392,826

The County's Funds

Financial statement information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of $29,507,489 and cash disbursements and other financing uses of $28,630,719. The net change in the general fund balance for the year increased $331,376 where the cash balance went from $7,669,847 in 2017 to $8,001,223 for 2018.

The Pike Repair, Job and Family Service and Hardin County Board of Developmentally Disabilities Funds had increases (decreases) in net position of $305,459, $(67,277), and $(444,132), respectively.

All enterprise funds had total operating cash receipts, advances in and transfers in of $5,102,602 and operating cash disbursements of $5,270,453 resulting in a decrease in net position of $167,851.

General Fund Budgeting Highlights

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

For the general fund, final actual cash basis receipts and other financing sources were $9,657,583; final budget estimates were $8,118,800. Of this $1,538,783 positive variance, an increase in charges for services of $475,005 and intergovernmental of $569,544, were the largest operating variance.

Total actual disbursements and other financing uses on the budget basis (cash outlays and encumbrances) were $9,490,053, which is $742,267 less than the final appropriations which excludes advances which are not appropriated.

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, 2018 the County had $227,290 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

	2018	2017
General Obligation/Special Assesment Bonds	$16,200	$34,350
OPWC Loan	211,090	235,679
Totals	$227,290	$270,029

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.

Contacting the County's Financial Management

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

HARDIN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2018

	Primary Government			
	Governmental Activities	Business - Type Activities	Total	Component Unit Totals
Assets				
Equity in Pooled Cash and Cash Equivalents	$21,605,052	$665,581	$22,270,633	
Cash and Cash Equivalents in Segregated Accounts				$156,647
Cash and Cash Equivalents with Fiscal Agent	289,591		289,591	
Total Assets	$21,894,643	$665,581	$22,560,224	$156,647
Net Position				
Restricted for:				
Debt Service	16,352		16,352	
Capital Projects	11,970		11,970	
Other Purposes	12,793,588		12,793,588	
Unrestricted	9,072,733	665,581	9,738,314	156,647
Total Net Position	$21,894,643	$665,581	$22,560,224	$156,647

See accompanying notes to the basic financial statements

HARDIN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Cash Receipts		
	Cash Disbursements	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental Activities				
General Government				
Legislative and Executive	$4,399,046	$1,239,341	$54,936	
Judicial	2,576,442	907,306	650,938	
Public Safety	3,668,081	339,400	270,114	
Public Works	6,592,205	2,668,583	3,819,943	$53,380
Health	116,469	123,309	95,000	
Human Services	8,756,294	620,689	5,131,272	
Conservation and Recreation	116,459		1,742	
Economic Development	949,628			712,483
Debt Service:				
Principal Retirement	42,738			
Interest and Fiscal Charges	1,167			
Total Governmental Activities	27,218,529	5,898,628	10,023,945	765,863
Business Type Activities				
Hardin Hills	4,447,032	4,231,951		
Waste Transfer Station	767,587	671,106		
Sewers	50,834	55,036		
Total Business Type Activities	5,265,453	4,958,093	0	
Total Primary Government	32,483,982	10,856,721	10,023,945	765,863
Component Units:				
Airport	234,248	99,926	75,723	
Hardin Housing	46,957	31,194	21,738	
Total Component Units	$281,205	$131,120	$97,461	

General Cash Receipts and Transfers/Advances
Property Taxes Levied for:
General Purpose
911 - Public Safety
Hardin County Board of Developmental Disabilities
Sheriff Levy
Sales Taxes
Proceeds from Sale of Capital Assets
Grants and Entitlements not Restricted for Specific Purposes
Interest
Advances In / (Out)
Transfers In / (Out)
Miscellaneous
Total General Receipts and Transfers

Changes in Net Cash Position

Net Cash Position Beginning of Year

Net Cash Position End of Year

See Accompanying Notes to the Basic Financial Statements.

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

Primary Government: Governmental Activities	Primary Government: Business Type Activities	Primary Government: Total	Component Units
($3,104,769)		($3,104,769)	
(1,018,198)		(1,018,198)	
(3,058,567)		(3,058,567)	
(50,299)		(50,299)	
101,840		101,840	
(3,004,333)		(3,004,333)	
(114,717)		(114,717)	
(237,145)		(237,145)	
(42,738)		(42,738)	
(1,167)		(1,167)	
(10,530,093)		(10,530,093)	
	(215,081)	(215,081)	
	(96,481)	(96,481)	
	4,202	4,202	
	(307,360)	(307,360)	
($10,530,093)	(307,360)	(10,837,453)	
			($58,599)
			5,975
			(52,624)
1,593,815		1,593,815	
295,588		295,588	
2,122,160		2,122,160	
433,323		433,323	
4,337,870		4,337,870	
69,345		69,345	
1,659,044		1,659,044	
464,293		464,293	90
5,000	(5,000)		
(107,000)	107,000		
533,425	37,509	570,934	
11,406,863	139,509	11,546,372	90
876,770	(167,851)	708,919	(52,534)
21,017,873	833,432	21,851,305	209,181
$21,894,643	$665,581	$22,560,224	$156,647

HARDIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Pike Repair Fund	Job and Family Services Fund	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$8,001,223	$1,518,626	$270,721	$3,329,920	$8,484,562	$21,605,052
Cash with Fiscal Agent				289,591		289,591
Total Cash Assets	8,001,223	1,518,626	270,721	3,619,511	8,484,562	21,894,643
Fund Balances						
Nonspendable	21,769					21,769
Committed	11,000				1,071,510	1,082,510
Restricted		1,518,626	270,721	3,619,511	7,413,052	12,821,910
Assigned	884,546					884,546
Unassigned	7,083,908					7,083,908
Total Cash Fund Balances	$8,001,223	$1,518,626	$270,721	$3,619,511	$8,484,562	$21,894,643

See accompanying notes to the basic financial statements

HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Pike Repair Fund	Job and Family Services	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property Taxes	$1,593,815			$2,122,160	$728,911	$4,444,886
Intergovernmental	1,659,044	$3,815,443	$2,570,573	1,484,967	2,918,825	12,448,852
Investment Income	439,878	24,415				464,293
Licenses and Permits	1,857				193,703	195,560
Fines and Forfeitures	12,935	27,308			334,222	374,465
Special Assessments					873,872	873,872
Charges for Services	1,586,069	1,517,979	343,251	101,860	905,572	4,454,731
Sales Tax	4,337,870					4,337,870
Miscellaneous	65,409	233,149	8,485	47,988	178,394	533,425
Total Receipts	9,696,877	5,618,294	2,922,309	3,756,975	6,133,499	28,127,954
Cash Disbursements						
Current:						
General Government:						
Legislative and Executive	3,649,799				749,247	4,399,046
Judicial	1,833,623				742,819	2,576,442
Public Safety	2,499,540				1,168,541	3,668,081
Public Works	32,107	5,345,198			1,214,900	6,592,205
Health					116,469	116,469
Human Services	288,262		2,989,586	4,201,107	1,277,339	8,756,294
Conservation and Recreation	94,360				22,099	116,459
Economic Development and Assistance					949,628	949,628
Debt Service:						
Principal Retirement					42,738	42,738
Interest and Fiscal Charges					1,167	1,167
Total Disbursements	8,397,691	5,345,198	2,989,586	4,201,107	6,284,947	27,218,529
Cash Receipts Over (Under) Cash Disbursements	1,299,186	273,096	(67,277)	(444,132)	(151,448)	909,425
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	11,544	56,951			850	69,345
Advances In	152,661		75,000		60,259	287,920
Advances Out	(127,333)		(75,000)		(80,587)	(282,920)
Transfers In					1,022,270	1,022,270
Transfers Out	(1,004,682)	(24,588)			(100,000)	(1,129,270)
Total Other Financing Sources (Uses)	(967,810)	32,363			902,792	(32,655)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	331,376	305,459	(67,277)	(444,132)	751,344	876,770
Cash Fund Balances - Beginning of Year	7,669,847	1,213,167	337,998	4,063,643	7,733,218	21,017,873
Cash Fund Balances - End of Year	$8,001,223	$1,518,626	$270,721	$3,619,511	$8,484,562	$21,894,643

See accompanying notes to the basic financial statements

HARDIN COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2018

	Hardin Hills	Other Enterprise Funds	Total Enterprise Funds
Cash Assets:			
Equity in Pooled Cash and Cash Equivalents	$593,171	$72,410	$665,581
Net Position:			
Unrestricted	$593,171	$72,410	$665,581

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Hardin Hills	Other Enterprise Funds	Total Enterprise Funds
Operating Cash Receipts:			
Charges for Services	$4,231,951	$726,142	$4,958,093
Other Operating Receipts	37,509		37,509
Total Operating Cash Receipts	4,269,460	726,142	4,995,602
Operating Cash Disbursements:			
Personal Services	2,273,637	181,864	2,455,501
Fringe Benefits	793,044	87,655	880,699
Contractual Services	126,385	171,360	297,745
Materials and Supplies	478,257	35,162	513,419
Other Operating Expenses	727,522	314,754	1,042,276
Capital Outlay	48,187	27,626	75,813
Total Operating Cash Disbursements	4,447,032	818,421	5,265,453
Operating (Loss)	(177,572)	(92,279)	(269,851)
AdvancesOut		(5,000)	(5,000)
Transfers In		107,000	107,000
Changes in Net Position	(177,572)	9,721	(167,851)
Net Position - Beginning of Year	770,743	62,689	833,432
Net Position - End of Year	$593,171	$72,410	$665,581

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2018

	Private Purpose Trust	Agency
Cash Assets:		
Equity in Pooled Cash and Cash Equivalents	$351,546	$2,787,294
Cash and Cash Equivalents in Segregated Accounts		239,915
Total Cash Assets	351,546	3,027,209
Net Position:		
Restricted:		
Spendable	165,265	
Non-Spendable	186,281	
Undistributed Assets		3,027,209
Total Net Position	$351,546	$3,027,209

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust
Cash Additions:	
Contributions	$75,252
Investment Income	3,076
Total Cash Additions	78,328
Cash Deductions:	
Payments in Accordance with Trust Agreements	17,030
Total Cash Deductions	17,030
Change in Net Position	61,298
Net Position - Beginning of Year	290,248
Net Position - End of Year	$351,546

See Accompanying Notes to the Basic Financial Statements.

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1. DESCRIPTION OF THE REPORTING ENTITY

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

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

A. Component Units

Hardin County Housing Development, Inc.

Hardin County Housing Development, Inc. (HCHD) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The HCHD, under a contractual agreement with the Hardin County Board Developmental Disabilities, provides capital facilities and hygiene services for adults with developmental disabilities in the County. The Hardin County Board of DD provides the staff salaries, transportation, equipment and other funds as necessary for the operation. Based on the significant services and resources provided by the County to the HCHD and HCHD’s sole purpose of 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.

Hardin County Airport Authority

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

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

B. Jointly Governed Organizations

West Central Ohio Network

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

Hardin Regional Planning Commission:

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.Financial information can be obtained from Randy Grapner, Mercer County Auditor, 101 North Main Street, Room 105, Celina, Ohio 45822-1794.

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

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

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

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

Hardin County Family and Children First Council

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

Logan County Juvenile Detention Center

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

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

C. Joint Ventures:

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

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

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

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

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

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

Multi County Correctional Center

The Multi County Correctional Center, is a jointly established non-profit corporation 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, 2018. Financial information can be obtained from the Marion County Auditor, Joan M. Kasotis, 222 West Center Street, Marion, Ohio 43302.

D. Risk Pools

County Risk Sharing Authority, Inc. (CORSA)

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

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

County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

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

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers.

The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at a meeting held in the month of December each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a County Commissioner.

County Employee Benefit Consortium of Ohio, Inc.

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

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

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

E. Related Organizations

Mary Lou Johnson Hardin County Public Library

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

Hardin County Veterans Memorial Park District

The Park District Board is made up of three members, all of which are appointed by the Probate Judge of the County. The County is not involved in the budgeting process or operational management of the Park District, nor does it subsidize or finance its operations. Financial information can be obtained from Danielle Sheldon, Clerk, One Courthouse Square, Suite 210, Kenton, Ohio 43326-2398.

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, Fiscal Officers and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County. Financial information can be obtained from the Fiscal Officer, 175 West Franklin Street Suite 120, Kenton, Ohio 43326-2398.

Soil and Water Conservation District

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

Other Districts

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

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 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on another comprehensive basis of accounting (OCBOA) formerly prescribed or permitted by the Auditor of State. This cash basis is similar to cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

B. Basis of Presentation

The County's financial statements are prepared using the GASB 34 format but on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

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

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

3. Fund Accounting

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

4. Governmental Funds

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

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

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

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

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

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

5. Proprietary Funds

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

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

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

6. Fiduciary Funds

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

7. Component Units

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

C. Cash, Cash Equivalents, and Investments

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

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

Cash held by the West Central Ohio Network on behalf of the County is recorded as “Cash and Cash Equivalents with Fiscal Agent”.

During 2018, investments were limited to STAR Ohio, Federal Farm Credit Bank Note, Federal Home Loan Bank Bond, Federal Home Loan Mortgage Note, Federal National Mortgage Association Note, 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 2018. 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, 2018.

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 2018 amounted to $439,878, which includes $305,477 assigned from other County funds. For 2018, total interest receipts amounted to $467,369 in which $439,878 was recorded in the General Fund; $24,415 was recorded in Pike Repair Fund; and $3,076 was recorded in the Private Purpose Trust Funds.

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

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

D. Capital Assets and Depreciation

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

E. Compensated Absences

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

F. Employer Contributions to Cost-Sharing Pension Plans

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

G. Interfund Receivables/Payables

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

H. Health Care

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

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 $4,245,895 of federal food stamps during 2018.

J. Long-Term Obligations

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

K. Fund Balance

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

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

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

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

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

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

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

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

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

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

L. Net Cash Position

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

M. Interfund Transactions

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

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

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

N. Pensions/Other Postemployment Benefits

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

3. ACCOUNTABILITY AND COMPLIANCE

A. 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.

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 of the State of Ohio, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts in eligible institutions pursuant to ORC sections 135.32;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section; commercial paper as describe in ORS section 135.143; and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio);

8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash, or both cash and securities, equal value for equal value;

9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:

   a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

   b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.

10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;

11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,

12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements and investment in derivatives and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. All other investments must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County.

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

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, $19,504,186 of the County's bank balance of $20,534,101 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).

Investments

As of December 31, 2018, the County's investments were as follows:

Description	Carrying Value	Fair Value Less than 1	Fair Value 1-2	Fair Value 3-5
Federal Home Loan Bank (FHLB)	$ 1,000,000	$ -	$ 500,000	$ 500,000
Federal Home Loan Mortgage Corp.(FHLMC)	500,000			$ 500,000
Federal National Mortgage Association (FNMA)	500,000	-	500,000	-
Federal Farm Credit Bank (FFCB)	1,999,153			1,999,153
STAR Ohio	1,390,776	1,390,776	-	-
Total	$ 5,389,929	$ 1,390,776	$ 1,000,000	$ 2,999,153

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

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

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

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

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

Description	Fair Value	Percentage of Portfolio
Federal Home Loan Bank (FHLB)	$ 1,000,000	18.55%
Federal Home Loan Mortgage Corp.(FHLMC	500,000	9.28%
Federal National Mortgage Association (FNM	500,000	9.28%
Federal Farm Credit Bank (FFCB)	1,999,153	37.09%
STAR Ohio	1,390,776	25.80%
Total	$5,389,929	100%

5. PROPERTY TAXES

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

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2018, was $12.00 per $1,000 of assessed valuation for real property classified as residential/agricultural and $12.00 per $1,000 of assessed valuation for all other real property. After adjustment of the rate for inflationary increases in property values, the effective tax rate was $8.89 per $1,000 of assessed valuation for real property classified as residential/agricultural and $11.49 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 2018 taxes were collected was $647,509,880.

Real Property:		
Residential - 2017 Valuation	$	288,377,680
Agricultural - 2017 Valuation		258,769,050
Commercial		40,124,920
Industrial		22,724,290
Public Utilities		411,040
Tangible Personal Property - 2017 Valuation		
Public Utilities		37,102,900
Total Valuation	$	647,509,880

Real property taxes for tax year 2018 are payable annually or semi-annually. If paid annually, payment is due February 12, 2018. If paid semi-annually, the first payment is due February 12, 2018 with the remainder payable by July 9, 2018. 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. PROPERTY TAX ABATEMENTS

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

For the year ended December 31, 2018, the County abated taxes totaling $176,126 for the following tax abatement agreements.

An agreement was entered into with the County, the Village of Ada, and Ada Technologies, Inc. in July 2006. The agreement abates 100% of property taxes on the increase taxable value for 15 years beginning January 1, 2007 and ending on December 31, 2021. The increase taxable value consists of new construction of 50,000 square feet and requires the hiring of thirty-five additional employees. The additional annual payroll was estimated at $672,838. This year the tax saving was $28,443.

An agreement was entered into with the County, Buck Township, and Robinson Fin Machines, Inc. in July 2006. This agreement abates 100% of property taxes on the increase taxable value for 15 years beginning January 1, 2007 and ending on December 31, 2022. The increase taxable value consists of new construction of a facility for warehousing of 9,400 square feet and manufacturing of 4000 square feet and requires the hiring of three additional employees. The additional annual payroll was estimated at $80,000. This year the tax savings was $6,997.

An agreement was entered into with the County, the Village of Ada and Harvest Pride Tortillas & Chips, LLC. in August 2012. This agreement abates 75% property tax on the increase taxable value for 10 years beginning January 1, 2014 and ending December 31, 2023.

This increase taxable value consists of new construction of $850,000 of 20,000 square feet for the consolidation of its operations and requires the hiring of fifteen additional employees. This year the tax savings was $10,756.

An agreement was entered into by Hardin County and IP CBPR Properties 2 LLC (International Paper) in July 2014. This agreement abates 100% property tax on the increase taxable value for 15 years and will not extend beyond December 31, 2030. This increase taxable value consists of new construction of 250,000 square feet to house its manufacturing and warehouse operations and to permit consolidation of its operations and expansion of its product lines. In addition, International Paper will purchase and install new machinery and equipment of approximately $45,000,000. International Paper shall create the equivalent of 125 new full-time permanent job opportunities and use its best efforts to retain 532 existing full-time equivalent jobs. The increase in the number of employees will result in approximately $4,216,000 of additional annual payroll. This year the tax savings was $129,930.

7. PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution have imposed a one percent and one half percent tax on retail sales made in the County effective January 1, 2005. Vendor collections of the tax are paid to the State Treasury by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's Certification must be made within forty-five days after the end of the month. The State then has five days in which to draw the warrant payable to the County. Sales and use tax revenue for 2018 amounted to $4,337,870 and is recorded in the General Fund.

8. SHORT TERM DEBT

There is no new short-term debt in 2018.

9. LEASE-PURCHASE AGREEMENTS

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

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of December 31, 2018:

Year Ending December 31,	Principal	Intterest	Total
2019	$ 36,479	$ 4,896	$ 41,375
2020	38,850	2,525	41,375
Total	$ 75,329	$ 7,421	$ 82,750

10. LONG TERM DEBT

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

The County's long term debt transactions for the year ended December 31, 2018, are summarized below:

	Debt Principal Outstanding 01/01/18	Debt Principal Issued	Debt Principal Retired	Debt Principal Outstanding 12/31/18
Special Assessment Bonds with Government Commitment	$ 34,349	$ -	$ 18,149	$ 16,200
OPWC Loans	235,679	-	24,589	211,090
Total	$ 270,028	$ -	$ 42,738	$ 227,290

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.

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

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

In 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.

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

In 2016, the County issued Special Assessment taxable bonds in the amount of $13,600. These were for the purpose of paying the cost of constructing improvement to Karg Ditch in the amount of $7,700, John Hancock Ditch in the amount of $2,768, Osborn Ditch in the amount of $2,509 and Lonas Ditch in the amount of $545. At December 31, 2018 the Osborn Ditch and Lonas ditch have been paid off in full.

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

The following are descriptions of the bonds and loans that existed in 2018 and were outstanding as of December 31, 2018:

Description	Issue Date	Issue Rate %	Original Amount	2018 Amount Paid	Outstanding Amount	Maturity Date
Special Assessment Bonds:						
Taylor Creek	2011	5.50%	17,800	1,700	1,700	2019
Dulin Ditch	2013	4.60%	10,700	500	-	2018
Moore Ditch	2013	2.34%	40,000	7,500	-	2018
Steinle Ditch	2015	2.25%	22,100	4,200	6,800	2020
McClaren Tri Ditch	2015	3.00%	12,300	1,250	1,500	2020
Jones Ditch	2015	3.00%	6,300	1,200	1,800	2020
Karg Ditch	2016	3.00%	7,700	1,324	3,924	2021
John Hancock Ditch	2016	3.00%	2,768	476	476	2021
Total Special Assessment Bonds				18,150	16,200	
Loans						
OPWC Loan	2008	0.00%	191,768	9,588	91,090	2028
OPWC Loan	2016	0.00%	150,000	15,000	120,000	2026
Total Loans				24,588	211,090	
Total Bonds and Loans				$ 42,738	$ 227,290	

The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2018, including interest payments of $721 are as follows:

	Special Assessment Bonds with Government Commitment		OWPC Loans
	Principal	Interest	Principal
2019	$ 8,550	$ 478	$ 24,588
2020	6,350	204	24,588
2021	1,300	39	24,588
2022	-	-	24,588
2023	-	-	24,588
2024-2028			88,150
Total	$ 16,200	$ 721	$ 211,090

On March 6, 2014, the County advanced $200,000 from the General Fund to the Dog & Kennel Fund for the purpose of constructing a new building for the dog pound. On November 20 2014, $120,000 was advanced back to the General fund from the Dog & Kennel fund. On May 12, 2016 the County Commissioners approved the remaining $80,000 plus 2% interest to be repaid by the Dog & Kennel fund with annual payments made each February until the advance is repaid. The annual requirements to repay the advance balance of $35,000 outstanding as of December 31, 2018, including interest payment of $1,200 are as follows:

	Dog & Kennel Fund Advance Repayment Schedule	
	Advance Payment	Interest
2019	$ 15,000	$ 700
2020	15,000	400
2021	5,000	100
Total	$ 35,000	$ 1,200

Net General Obligation Debt- The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000.

The effects of the debt limitations described above at December 31, 2018 are an overall debt margin of $14,444,105 and an un-voted debt margin of $64,751.

11. DEFINED BENEFITS PENSION PLAN

A. Net Position Liability

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The County participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OOPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Group A
Eligible to retire prior to January 7, 2013, or five year after January 7, 2013:

State and Local:
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit.

Formula: 2.2 of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years.

Public Safety:
Age and Service Requirements**:** Age 48 with 25 years of service credit or age 52 with 15 years of service credit.

Law Enforcement:
Age and Service Requirements: Age 52 with 15 years of service credit.

Public Safety and Law Enforcement:
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service year in excess of 25 years.

Group B
20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013:

State and Local:
Age and Service Requirements: Age 60 with 60 months of service credit or age 55 with 25 years of service credit.

Formula: 2.2 of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years.

Public Safety:
Age and Service Requirements: Age 48 with 25 years of service credit or age 52 with 15 years of service credit.

Law Enforcement:
Age and Service Requirements: Age 48 with 25 years of service credit or age 52 with 15 years of service credit.

Public Safety and Law Enforcement:
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service year in excess of 25 years.

Group C
Members not in other groups and members hired on or after January 7, 2013:

State and Local:
Age and Service Requirements: Age 57 with 25 years of service credit or age 62 with 5 years of service credit.

Formula: 2.2 of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years.

Public Safety:
Age and Service Requirements**:** Age 52 with 25 years of service credit or age 56 with 15 years of service credit.

Law Enforcement:
Age and Service Requirements: Age 48 with 25 years of service credit Age 56 with 15 years of service credit.

Public Safety and Law Enforcement:
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service year in excess of 25 years.

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

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

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2018 Actual Contribution Rates			
Employer Pension	14.0%	18.1%	18.1%
Postemployement Health Care Benefits	0.0%	0.0%	0.0%
Total Employer	14.0%	18.1%	18.1%
Employee	10.0%	12.0%	13.0%

***** This rate is determined by OPERS' Board and has no maximum rate established by the ORC.
****** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contributions were $1,760,306 and $1,718,115 for 2018 and 2017 respectively.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share.

Current Measurement Date		0.0087802%
Prior Measurement Date		0.0087473%
Changes in Proportional Share		-0.0000329%
Proportional Share of the Net Pension Liability	$	13,774,432

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood buy the employers and plan members) and include the types of benefits provide at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	December 31, 2017
Wage inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75% including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 210, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefits pension plans. The table below displays the board approve asset allocation policy for 2017 and the long-term expected real rates of return.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00%	2.20%
Domestic Equities	19.00%	6.37%
Real Estate	10.00%	5.26%
Private Equity	10.00%	8.97%
International Equities	20.00%	7.88%
Other Investment	18.00%	5.26%
Total	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employees are made at the statutorily required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Sensitivity of County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate –The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
County's Proportionate Share of the Net Pension Liability	$ 24,459,881	$ 13,774,432	$ 4,865,987

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net pension liability is not known.

State Teachers Retirement Systems

Net Pension Liability

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

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

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

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

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

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

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

The DBP Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 service credit and at least age 60.

The DCP allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a life time monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The HCBDD's contractually required contribution to STRS was $57,965 and $54,040 for fiscal year 2018 and 2017, respectively.

Net Pension Liability

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

	STRS
Proportion of Net Pension Liability Prior Measurement Date	0.00382973%
Proportion of the Net Pension Liability Current Measurement Date	0.00351106%
Change in Proportionate Share	0.00031867%
Proportionate Share of the Net Pension Liability	$ 834,060

Actuarial Assumptions - STRS

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

	July 1, 2018	July 1, 2017
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retires are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Preretirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2017 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years; one year set back from age 80 through 89 and no set back from age 90 and above.

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
County's Proportionate Share of the Net Pension Liability	$ 1,195,596	$ 834,060	$ 529,519

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, 2018, none have elected Social Security.

12. DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. This GASB pronouncement had no effect on beginning net position as reported January 1, 2018, as the net OPEB liability is not reported in the accompanying financial statements. The net OPEB liability has been disclosed below.

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was $0 for 2018.

Plan Description – State Teachers Retirement System (STRS)

Plan Description **–** The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

	OPERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.083770%	0.0035111%	
Prior Measurement Date	0.087473%	0.0038297%	
Change in Proportionate Share	-0.0037030%	-0.0003187%	
Proportionate Share of the Net OPEB Liability	$9,095,607	$136,989	$9,232,596

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.

Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016.

Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	$12,085,498	$9,095,607	$6,678,982

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$8,703,703	$9,095,607	$9,502,869

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 9.62 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2018 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2018. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
County's proportionate share of the net OPEB liability	$183,905	$136,989	$99,909
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB liability	$95,174	$136,989	$192,022

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the County's net OPEB liability is not known.

13. REVOLVING LOANS

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

The outstanding balance at December 31, 2017 of $56,838 was resolved by the County Commissioners to be uncollectable and was written off. Currently there are no revolving loans outstanding at December 31, 2018.

14. RISK MANAGEMENT

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

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. Member counties agree to jointly participate in the coverage of losses and pay all contributions necessary for the specified insurance coverage provided CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Coverage provided is as follows:

General Liability - Each Occurrence	$1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Ohio Stop Gap Employer' Liabilty	1,000,000
Employee Benefits Liability	1,000,000
Cyber Liability	1,000,000
Privacy and Security Liability	1,000,000
Privacy Response Expenses	500,000
Declaratory, Injunctive or Equitable Relief	25,000
PCI-DSS Assessments	250,000
Attorney Disciplinary Proceedings	25,000
Claims Expenses, Regulatory Processings/Penalties	250,000
Excess Liability	5,000,000
Building and Contents	
(Include Comprehensive Boiler and Machinery)	112,190,688
Equipment Breakdown - Service Interruption	100,000,000
Business Income/Extra Expense	1,000,000
Gross Earnings/Extra Expense	2,500,000
Contingent Business Interruption	100,000
Crime Coverage (Employee Dishonesty, Faithful Performance)	1,000,000
Public Officials Liability	250,000
Uninsured/Underinsured Motorists	250,000
General Liability/Medical Professional Liabiliity for Cour	3,000,000
Sewer Lines	500,000
Property Valuation	1,000
Law Enforecement Crimes	22,000
Fine Arts	1,252,700
Medical Professional Liability	1,000,000
Dog Warden Blanket Bond	2,000
Other Coverage:	
Extra Expenses - Service Interruption	100,000
EDP Extra Expense	25,000
Flood	100,000,000
Earthquake/Earth Movement	100,000,000
Money and Securities	1,000,000
Accounts Receivable	1,000,000
Automatic Acquisition	5,000,000
Pollutant Cleanp/Removal	10,000
Errors and Omissions	250,000
Mobile Medical Equipment	250,000
Property in Transit	100,000
Service Interruption Property Damage	2,500,000
Valuable Papers	2,500,000

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

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

15. INDIVIDUAL COMPONENT UNIT DISCLOSURE

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

	Airport Authority	Hardin Housing	Totals
Program Cash Receipts	$ 175,649	$ 52,932	$ 228,581
General Cash Receipts	84	6	90
Non-program Cash Disbursements	(234,248)	(46,957)	(281,205)
Changes in Net Cash Position	(58,515)	5,981	(52,534)
Net Cash Position Beginning of Year	189,203	19,978	209,181
Net Cash Position End of Year	$ 130,688	$ 25,959	$ 156,647

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 $130,688. Deposits are insured by the Federal Depository Insurance Corporation.

Capital Assets

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

B. Hardin County Housing Development, Inc.

Accounting Basis

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

Fund Accounting

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

Capital Assets

Property and equipment 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 $500 are capitalized. Items under $500 are recorded in the expense account “Supplies”.

Cash

Cash includes amounts in demand deposits. At year end the carrying amount of bank deposits was $25,959. Of the bank balance, all was covered by federal depository insurance.

Tax-exempt Status

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

The Housing Development’s Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they are filed.

Subsequent Events

Property at W. Dixon Street, Forest, Ohio was sold for $19,845 and a deposit was made on April 26, 2019 for $19,845.

Hardin County Board of Development Disabilities contracts for services from the Hardin County Housing Development and provided a contract payment of $35,000 to the Hardin County Housing Development which was deposited on March 12, 2019.

16. RELATED PARTY TRANSACTIONS

During 2018, the County provided the 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 as applicable, to the extent the contribution is related to the operation of the housing. The In-Kind contribution from the Hardin County Board of Developmental Disabilities amounted to $43,667.

17. COMMITMENTS - ENCUMBRANCES

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

Encumbrances as of year-end were:

Fund	Assigned	Restricted
Major Governmental Funds:		
General	$ 104,579	$ -
Pike Repair	-	90,743
Job and Family Services	-	41,975
Hardin County Board of DD	-	18,571
Non-Major Governmental Funds	-	325,862
Totals	$ 104,579	$ 477,151

18. CONTINGENT LIABILITIES

A. Grants

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2018.

B. Litigation

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

C. Landfill

Each year the County engages a consultant to complete a study regarding post closure landfill costs (monitoring and maintenance of the site). This study is subject to review by the Ohio Environmental Protection Agency. Last year's study estimated that $726,213 will be incurred over the remaining 6 of the 30 year monitoring period. Actual costs may differ due to inflation, changes in technology, or changes in regulations. The County obtained a promissory note for the face amount of the estimated post closure costs in the event fees or tax revenue would not be sufficient to cover the annual post closure costs. Presently a solid waste transfer station is operating and transfer fees and tax revenues are financing the post closure costs.

19. FUND BALANCES

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

Fund Balances	General	Pike Repair Fund	Job and Family Services Fund	HCBDD Fund	Nonmajor Governmental Funds	Total
Non-spendable:						
Unclaimed Monies	$ 21,769	$ -	$ -	$ -	$ -	$ 21,769
Restricted for:						
Road and Bridge Maintenance	-	1,518,626	-	-	-	1,518,626
Ditch Maintenance	-	-	-	-	1,448,564	1,448,564
Real Estate Assessment	-	-	-	-	326,653	326,653
Public Assistance	-	-	270,721	-	-	270,721
Education	-	-	-	3,619,511	-	3,619,511
Capital Improvements	-	-	-	-	11,971	11,971
Debt Service Payments	-	-	-	-	16,352	16,352
911 Services	-	-	-	-	542,441	542,441
Children Services	-	-	-	-	1,109,620	1,109,620
Other Purposes:	-	-	-	-	3,957,451	3,957,451
Total Restricted	-	1,518,626	270,721	3,619,511	7,413,052	12,821,910
Committed:						
Underground Storage	11,000					11,000
Captial Improvements	-	-	-	-	1,071,510	1,071,510
Total Committed	11,000	-	-	-	1,071,510	1,082,510
Assigned To:						
Other Purposes	884,546	-	-	-	-	884,546
Unassigned	7,083,908	-	-	-	-	7,083,908
Total Fund Balances	$ 8,001,223	$ 1,518,626	$ 270,721	$ 3,619,511	$ 8,484,562	$ 21,894,643

On January 24, 2013 the County Commissioners passed a Resolution (V90) to setup the Budget Stabilization fund under Ohio Revised Code 5705.13(A). As of December 31, 2018, the current fund balance was $1,002,000 and is included as part of the unassigned balance in the General Fund. There are currently no written rules for how the money will be used other than future projects that may come up.

20. OPERATING TRANSFERS

All of the County transfers are shown below which require a resolution by the County Commissioners in order for the County Auditor to make. Transfers from the Landfill Fund were used for Waste Disposal operations. The transfers from the Pike Repair Fund were used for debt retirement on a road project. One of the County's resolutions requires monthly transfers from the General Fund to the GIS fund to finance GIS activities. The following are the transfers made in 2018:

Fund	Transfers In	Transfers Out
General	$ -	$ 1,004,682
Pike Repair	-	24,588
Other Governmental Funds:		
Indigent Guardianship	3,000	
Landfill	-	100,000
GIS	140,286	-
Information Technology	40,000	-
Emergency Management Agency	53,876	-
Keep Hardin Co. Beautiful	10,520	-
OPWC Debt Retirement	24,588	-
Permanent Improvement	750,000	-
Other Business Type Funds:		
Eldridge Estates Sanitary Sewer	2,000	-
Reed Road Sanitary Sewer	5,000	-
Waste Disposal	100,000	-
Totals	$ 1,129,270	$ 1,129,270

21. CONDUIT DEBT

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

In December 2013, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2013, in the amount of $49,875,000 for the benefit of Ohio Northern University to rend and retire certain revenue financings. In 2018 a refinancing through the United States Department of Agriculture Rural Development was made and the outstanding debt at December 31, 2018 is $17,825,000.

In October 2014, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2014, in the amount of $18,515,000 for the benefit of Ohio Northern University to rend and retire certain revenue financings. In 2018 a larger than normal payoff was made and the outstanding debt at December 31, 2018 is $4,828,379.

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

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Receipts				
Property Taxes	$1,553,000	$1,553,000	$1,593,815	$40,815
Sales Tax	3,900,000	3,900,000	4,337,870	437,870
Charges for Services	911,000	911,000	1,386,005	475,005
Licenses and Permits	1,500	1,500	1,857	357
Fines and Forfeitures	15,000	15,000	12,935	(2,065)
Intergovernmental	1,089,500	1,089,500	1,659,044	569,544
Earnings of Investments	275,000	275,000	439,878	164,878
Other	68,800	68,800	61,974	(6,826)
Total Receipts	7,813,800	7,813,800	9,493,378	1,679,578
Disbursements				
Current:				
General Government				
Legislative and Executive	3,697,532	3,971,466	3,671,429	300,037
Judicial	1,834,689	1,899,480	1,739,913	159,567
Public Safety	2,344,603	2,560,724	2,524,467	36,257
Public Works	32,263	32,263	32,107	156
Human Services	312,087	312,087	293,262	18,825
Conservation and Recreation	83,300	106,300	94,360	11,940
Total Disbursements	8,304,474	8,882,320	8,355,538	526,782
Excess of Receipts Over (Under) Disbursements	(490,674)	(1,068,520)	1,137,840	2,206,360
Other Financing Sources (Uses)				
Sale of Fixed Assets	5,000	5,000	11,544	6,544
Advances In			152,661	152,661
Advances Out			(127,333)	(127,333)
Transfer In	300,000	300,000		(300,000)
Transfer Out	(450,000)	(1,350,000)	(1,007,182)	342,818
Total Other Financing Sources (Uses)	(145,000)	(1,045,000)	(970,310)	74,690
Net Change in Fund Balance	(635,674)	(2,113,520)	167,530	2,281,050
Fund Balance Beginning of Year	6,956,775	6,956,775	6,956,775	
Prior Year Encumbrances Appropriated	85,032	85,032	85,032	
Unencumbered Fund Balance End of Year	$6,406,133	$4,928,287	$7,209,337	$2,281,050

See accompanying notes to the supplementary information

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, 2018

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Receipts				
Intergovernmental	$4,895,000	$4,895,000	$3,815,443	($1,079,557)
Fines and Forfeitures	35,000	35,000	27,308	(7,692)
Investment Income			24,415	24,415
Charges for Services	789,103	789,103	1,517,979	728,876
Miscellaneous	220,000	220,000	233,150	13,150
Total Receipts	5,939,103	5,939,103	5,618,295	(320,808)
Expenditures:				
Current:				
Public Works	6,029,103	6,312,461	5,435,942	876,519
Total Disbursements	6,029,103	6,312,461	5,435,942	876,519
Excess of Receipts Over (Under) Disbursements	(90,000)	(373,358)	182,353	555,711
Other Financing Sources (Uses)				
Sale of Fixed Assets		50,000	56,951	6,951
Transfers Out		(100,000)	(24,588)	75,412
Total Other Financing Sources (Uses)		(50,000)	32,363	82,363
Net Change in Fund Balance	(90,000)	(423,358)	214,716	638,074
Fund Balance Beginning of Year	1,161,116	1,161,116	1,161,116	
Prior Year Encumbrances Appropriated	52,051	52,051	52,051	
Unencumbered Fund Balance End of Year	$1,123,167	$789,809	$1,427,883	$638,074

See accompanying notes to the supplementary information

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, 2018

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Receipts:				
Intergovernmental	$3,140,680	$3,140,680	$2,570,573	($570,107)
Charges for Services	225,000	225,000	343,251	118,251
Miscellaneous	20,000	20,000	8,485	(11,515)
Total Receipts	3,385,680	3,385,680	2,922,309	(463,371)
Disbursements:				
Current:				
Human Services	3,395,680	3,486,759	3,031,561	455,198
Total Disbursements	3,395,680	3,486,759	3,031,561	455,198
Excess of Receipts Over (Under) Disbursements	(10,000)	(101,079)	(109,252)	(8,173)
Other Financing Sources				
Advances In			75,000	75,000
Advance Out			(75,000)	(75,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(10,000)	(101,079)	(109,252)	(8,173)
Fund Balance Beginning of Year	244,876	244,876	244,876	
Prior Year Encumbrances Appropriated	93,122	93,122	93,122	
Unencumbered Fund Balance End of Year	$327,998	$236,919	$228,746	($8,173)

See accompanying notes to the supplementary information

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS HCBDD FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Receipts:				
Taxes	$2,010,000	$2,010,000	$2,122,160	$112,160
Intergovernmental	1,051,259	1,051,259	1,281,877	230,618
Charges for Services	67,916	67,916	101,860	33,944
Miscellaneous	1,500	1,500	47,988	46,488
Total Revenue	3,130,675	3,130,675	3,553,885	423,210
Disbursements:				
Current:				
Human Services	3,823,254	3,968,521	3,810,844	157,677
Total Expenditures	3,823,254	3,968,521	3,810,844	157,677
Excess of Receipts Over Disbursements	(692,579)	(837,846)	(256,959)	580,887
Fund Balance Beginning of Year	3,515,929	3,515,929	3,515,929	
Prior Year Encumbrances Appropriated	52,380	52,380	52,380	
Unencumbered Fund Balance End of Year	$2,875,730	$2,730,463	$3,311,350	$580,887

See accompanying notes to the supplementary information

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

BUDGETARY PROCESS

A. Budget

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

B. Estimated Resources

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

C. Appropriations

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.

2. Shortly before the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution that legally authorizes the expenditure of funds for respective officeholders and department heads.

3. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.

4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.

5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Ohio Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, inter-fund transfers, and other disbursements. For funds, which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation levels require a resolution signed by at least two Commissioners.

6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2018 and were considered routine.

7. Unencumbered appropriations lapse at year-end. Contracts and purchase-type encumbrances outstanding at year-end carry their appropriations with them into the next year. Contracts and purchase-type encumbrances outstanding at year-end are recorded as expenditures on the budget basis of accounting.

8. The budgetary procedures described herein apply to all funds except the trust and agency funds.

D. Encumbrances

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

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

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

F. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursement, and encumbrances. The Budgetary Comparison 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 encumbrances are treated as expenditures (budget basis) rather than as an assigned fund balance (cash basis).

The adjustment necessary to reconcile the fund balance on the budget basis to the cash basis are as follows:

NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Net Changes in Fund Balances			
	General Fund	Pike Repair Fund	Job and Family Service Fund	HCBDD Fund
Budget Basis	$ 7,209,337	$1,427,883	$ 228,746	$ 3,311,350
Cash with Fiscal Agent*	-	-	-	289,591
Adjustment for Encumbrances	103,083	90,743	41,975	18,570
Funds Budgeted Elsewhere**	688,803	-	-	-
Cash Basis	$ 8,001,223	$1,518,626	$ 270,721	$ 3,619,511

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

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

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HARDIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor **Pass Through Grantor** **Program Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
(Passed through Ohio Department Job and Family Services)				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1819-11-5748		117,303
Total SNAP Cluster				117,303
Total United States Department of Agriculture				117,303
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
(Passed through Ohio Development Services Agency)				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-16-1BD-1		277,440
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-X-17-1BD-1		10,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-16-1BD-1		58,158
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-17-1BD-1		215,045
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				560,643
Home Investment Partnerships Program	14.239	B-C-16-1BD-2		121,025
Total Home Investment Partnerships Program				121,025
Total United States Department of Housing and Urban Development				681,668
U.S. DEPARTMENT OF EDUCATION				
(Passed through Ohio Department of Developmental Disabilities)				
Special Education - Grants for Infants and Families	84.181	H181A160024		12,605
Special Education - Grants for Infants and Families	84.181	H181A170024		12,605
Total Special Education - Grants for Infants and Families				25,210
Total United States Department of Education				25,210
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Ohio Department Job and Family Services)				
TANF Cluster				
Temporary Assistance for Needy Families	93.558	G-1819-11-5748	323,709	988,093
Total TANF Cluster			323,709	988,093
Medicaid Cluster				
Medical Assistance Program	93.778	G-1819-11-5748		602,445
(Passed through Ohio Department of Developmental Disabilities)				
Medical Assistance Program	93.778	N/A		92,626
Total Medicaid Cluster				695,071
(Passed through Ohio Department Job and Family Services)				
Adoption Assistance	93.659	G-1819-11-5748		18,325
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-1819-11-5748	37,632	37,632
Total CCDF Cluster			37,632	37,632
Social Services Block Grant	93.667	G-1819-11-5748		301,826
(Passed through Ohio Department of Developmental Disabilities)				
Social Services Block Grant	93.667	N/A		25,088
Total Social Services Block Grant				326,914

(continued)

HARDIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
(Passed through Ohio Department of Job and Family Services)				
Promoting Safe and Stable Families	93.556	G-1819-11-5748		3,550
(Passed through Ohio Family and Children First)				
Promoting Safe and Stable Families	93.556	5AU-18-C0033		1,670
Promoting Safe and Stable Families	93.556	5AU-19-C0033		5,418
Total Promoting Safe and Stable Families				10,638
(Passed through Ohio Family and Children First)				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-18-C0033		206
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-19-C0033		670
Total Stephanie Tubbs Jones Child Welfar Services Program				876
(Passed through Ohio Department of Job and Family Services)				
Foster Care_Title IV-E	93.658	G-1819-11-5748		198,262
Foster Care_Title IV-E	93.658	G-1819-06-0152		49,087
Total Foster Care_Title IV-E				247,349
Children's Health Insurance Program	93.767	G-1819-11-5748		5,356
Child Support Enforcement	93.563	G-1415-11-5368		360,217
Total United States Department of Health and Human Services			361,341	2,690,471
U.S. DEPARTMENT OF HOMELAND SECURITY				
(Passed through Ohio Department of Public Safety)				
Pre-Disaster Mitigation	97.047	EMC-2016-PC-0001		5,625
Emergency Management Performance Grants	97.042	EMC-2017-EP-00003-S01		12,707
Emergency Management Performance Grants	97.042	EMC-2018-EP-00006-S01		3,997
Total Emergency Management Performance Grants				16,704
Total United States Department of Homeland Security				22,329
U.S. ENVIRONMENTAL PROTECTION AGENCY				
(Direct Program)				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E01427-0		31,147
Total United States Environmental Protection Agency				31,147
U.S. DEPARTMENT OF LABOR				
(Passed through Ohio Department of Job and Family Services)				
Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	G-1819-15-0181		4,291
Total Employment Service Cluster				4,291
Trade Adjustment Assistance	17.245	G-1819-15-0181		765
WIOA Cluster:				
WIA Adult Program	17.258	G-1819-15-0181		145,704
WIA Youth Activities	17.259	G-1819-15-0181	46,521	52,907
WIA Dislocated Worker Formula Grants	17.278	G-1819-15-0181		13,008
Total WIOA Cluster			46,521	211,619
Total United States Department of Labor			46,521	216,675
U.S. ELECTION ASSISTANCE COMMISSION				
(Passed through Ohio Secretary of State)				
Help America Vote Act Security Grant	90.404	N/A		6,000
Total United States Election Assistance Commission				6,000
Total Federal Awards Expenditures			$407,862	$3,790,803

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Hardin County (the County's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, or changes in net position of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting, with exception for expenditures for the Community Development Block Grants/State's Program and Non-entitlement Grants in Hawaii (CFDA #14.228), which are reported on the accrual basis of accounting in accordance with U.S. Department of Labor and the U.S. Department of Housing and Urban Development requirements. Such expenditures are recognized in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

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

Small Business Revolving Loans	Loan Activity and Balances	Cash Activity and Balances
Beginning Balances January 1, 2018	$56,838	$99,466
Loan Principal Repayments / Cash Receipts		
Loan and Grant Disbursements		(20,514)
Loans Written off as Uncollectible	(56,838)	
Ending Balances December 31, 2018	$ 0	$ 78,952

See financial statement note 13 for additional loan activity details.

NOTE D - MATCHING REQUIREMENTS

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

NOTE E – COST REPORT SETTLEMENTS

During Calendar Year 2018, Hardin County Board of Developmental Disabilities (HCBDD) received a notice for a liability owed for 2014 from the Ohio Department of Developmental Disabilities for the Medicaid Program (CFDA #93.778) in the amount of $4,218. The MAC Reconciliation liability was to correct errors of salary amounts provided by the HCBDD and subsequently input by the Ohio Department of Developmental Disabilities into the RMTS system for calculation of the MAC payments. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting period and the liability was invoiced by the Ohio Department of DD.

NOTE F – SUBRECIPIENTS

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

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

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

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

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 14, 2019, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. Our report refers to another auditor who audited the financial statements of the component unit Hardin County Housing Development, Inc. as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that the auditor separately reported.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-001.

County's Response to Finding

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2019

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

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

To the Board of County Commissioners:

Report on Compliance for the Major Federal Programs

We have audited Hardin County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Hardin County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Hardin County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2019

SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 C.F.R. § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA #14.228) Medicaid Cluster Child Support Enforcement (CFDA #93.563)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 C.F.R. §200.520?**	No

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

FINDING NUMBER 2018-001

Noncompliance Citation

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

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

Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its financial statements according to generally accepted accounting principles.

OFFICIALS' RESPONSE:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	**Finding Summary**	**Status**	**Additional Information**
2017-001	**Ohio Rev. Code § 117.38** and **Ohio Adm. Code § 117-2-03 (B**) – the County did not prepare financial statements in accordance with generally accepted accounting principles. First Reported in 2002.	Not corrected	Repeated as Finding 2018-001

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Please refer to the Official's Response under the Noncompliance Citation Section.	N/A	N/A

OHIO AUDITOR OF STATE
KEITH FABER

HARDIN COUNTY

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
DECEMBER 19, 2019

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