



OHIO AUDITOR OF STATE
KEITH FABER



**HARDIN COUNTY
DECEMBER 31, 2020**

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DECEMBER 31, 2020

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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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 24 percent, of the assets/net position and 21 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.

Efficient • Effective • Transparent

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio, as of December 31, 2020, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matters

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

Also, as discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. We did not modify our opinion regarding this matter.

Other Matters

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 December 9, 2021, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021

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HARDIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
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, 2020, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 13.

Financial Highlights

Key financial highlights for 2020 are as follows:

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 on this year's financial position was not affected negatively. The County received a CARES Act grant in the amount of \$1,963,711 which was recorded in the Coronavirus Relief Fund. However, this does not mean that ensuing emergency measures will not impact subsequent periods of the County. The County, in most cases, had a particularly good year financially.

Overall:

- Total net position increased \$5,012,525 with Governmental Activities increasing by \$3,661,582 and Business-Type Activities increasing by \$1,350,943.
- Total cash receipts were \$43,027,607 and total cash disbursements were \$38,015,082 in 2020.

Governmental Activities:

- Total cash receipts were \$34,950,340 including transfers in 2020, while cash disbursements were \$31,288,758 including transfers for the increase of \$3,661,582.
- Public Works and Human Services related programs had the largest cash disbursements totaling \$17,524,105 in 2020.

Business-Type Activities:

Cash receipts were \$8,217,267 for Business Activities, while corresponding cash disbursements were \$6,866,324 for the increase of \$1,350,943. Hardin Hills net cash position increased by \$1,226,687, mainly, because it received a non-operating grant of \$721,935. Waste Transfer Station net cash position increased by \$126,497, and Sewers net cash position showed a small decreased of \$2,241.

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.

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 UNAUDITED (Continued)

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 2020?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting considers only the current year's receipts and disbursements if the cash is received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

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

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

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED
(Continued)**

Reporting the County's Most Significant Funds

Fund Financial Statements

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

The County's most significant funds that have been presented as major governmental funds are the General Fund, the Pike Repair Fund, the Job and Family Services Fund, and the 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 2020 compared to the prior year:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets		Restated				Restated
Equity in Pooled Cash & Cash Equivalents	\$ 26,887,808	\$ 23,407,661	\$ 1,934,721	\$ 583,778	\$ 28,822,529	\$ 23,991,439
Cash & Cash Equivalents						
Segregated Accounts	201,498	167,307			201,498	167,307
Cash With Fiscal Agent	461,905	314,661	-	-	461,905	314,661
Total Assets	\$ 27,551,211	\$ 23,889,629	\$ 1,934,721	\$ 583,778	\$ 29,485,932	\$ 24,473,407
Net Cash Position						
Restricted	\$ 15,101,244	\$ 14,695,577	\$ -	\$ -	\$ 15,101,244	\$ 14,695,577
Unrestricted	12,449,967	9,194,052	1,934,721	583,778	14,384,688	9,777,830
Total Net Cash Position	\$ 27,551,211	\$ 23,889,629	\$ 1,934,721	\$ 583,778	\$ 29,485,932	\$ 24,473,407

Total assets increased by \$5,012,525 with governmental assets increasing by \$3,661,582 and Business-Type Assets increasing by \$1,350,943.

Table 2 shows the changes in cash net position for year 2020:

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED
(Continued)

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		2020	2019
	2020	2019	2020	2019	Total	Total
Cash Receipts		Restated				Restated
Program Cash Receipts						
Charges for Services	\$ 5,713,138	\$ 4,908,611	\$ 7,333,945	\$ 5,439,831	\$ 13,047,083	\$ 10,348,442
Operating Grants and Contributions	14,746,289	11,405,339	721,935	-	15,468,224	11,405,339
Other Operating Receipts	-	-	-	-	-	-
Capital Grants and Contributions	970,685	1,156,401	-	-	970,685	1,156,401
Total Program Cash Receipts	21,430,112	17,470,351	8,055,880	5,439,831	29,485,992	22,910,182
General Cash Receipts and Transfers						
Property Taxes						
General Purpose	1,676,074	1,637,661	-	-	1,676,074	1,637,661
911-Public Safety	317,376	307,581	-	-	317,376	307,581
Developmental Disabilities	2,282,566	2,209,902	-	-	2,282,566	2,209,902
Sheriff Levy	463,059	449,651	-	-	463,059	449,651
Sales Taxes	5,234,961	4,493,591	-	-	5,234,961	4,493,591
Grants and Entitlements Not Restricted	1,155,062	1,214,637	-	-	1,155,062	1,214,637
Interest	455,442	633,580	-	-	455,442	633,580
Miscellaneous	1,615,099	771,251	21,387	15,173	1,636,486	786,424
Proceeds of Note	168,489	-	-	-	168,489	-
Payment in Lieu of Taxes	152,100	-	-	-	152,100	-
Transfers/Advances (Net)	(140,000)	(233,621)	140,000	233,621	-	-
Total General Cash Receipts and Transfers	13,380,228	11,484,233	161,387	248,794	13,541,615	11,733,027
Total Cash Receipt and Transfers	34,810,340	28,954,584	8,217,267	5,688,625	43,027,607	34,643,209

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		2020	2019
	2020	2019	2020	2019	Total	Total
Cash Disbursements		Restated				Restated
Program Cash Disbursements						
General Government						
Legislative and Executive	5,356,316	4,322,032	-	-	5,356,316	4,322,032
Judicial	2,842,765	2,861,173	-	-	2,842,765	2,861,173
Public Safety	4,413,547	3,865,686	-	-	4,413,547	3,865,686
Public Works	8,117,904	6,582,327	-	-	8,117,904	6,582,327
Health	283,969	96,742	-	-	283,969	96,742
Human Services	9,406,201	8,684,331	-	-	9,406,201	8,684,331
Conservation and Recreation	180,274	89,925	-	-	180,274	89,925
Economic Development	528,935	1,038,963	-	-	528,935	1,038,963
Debt Service:						
Principal Retirement	18,644	33,138	-	-	18,644	33,138
Interest and Fiscal Charges	203	477	-	-	203	477
Proprietary Funds	-	-	6,866,324	5,770,428	6,866,324	5,770,428
Total Cash Disbursements	31,148,758	27,574,794	6,866,324	5,770,428	38,015,082	33,345,222
Net Increase (Decrease) in Net Cash Position	3,661,582	1,379,790	1,350,943	(81,803)	5,012,525	1,297,987
Net Cash Position at Beginning of Year	23,889,629	NA	583,778	665,581	\$24,473,407	NA
Net Cash Position at End of Year	<u>\$27,551,211</u>	<u>\$23,889,629</u>	<u>\$1,934,721</u>	<u>\$583,778</u>	<u>\$29,485,932</u>	<u>\$24,473,407</u>

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED
(Continued)**

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 14 percent and 15 percent, respectively, of cash receipts for governmental activities for the County in fiscal year 2020. Operating grants and contributions made up 42 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. General cash receipts and transfers provide approximately 43 percent of the support for the total governmental cash disbursements as shown in Table 2. Human services activities are supported 71 percent through charges for services, operating grants, and contributions; and capital grants and contributions. The taxpayers and the State of Ohio provide most resources for the County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

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

	Total Costs of Services		Net Cost of Services	
	2020	2019	2020	2019
Cash Disbursements				
Program Cash Disbursements				
Legislative and Executive	\$ 5,356,316	\$ 4,322,032	\$ 3,743,734	\$ 3,283,357
Judicial	2,842,765	2,861,173	952,148	1,093,392
Public Safety	4,413,547	3,865,686	2,488,281	3,197,496
Public Works	8,117,904	6,582,327	(229,800)	32,881
Health	283,969	96,742	(123,939)	(145,476)
Human Services	9,406,201	8,684,331	2,710,749	2,535,435
Conservation and Recreation	180,274	89,925	103,701	89,925
Economic Development	528,935	1,038,963	54,925	(16,182)
Debt Service:				
Principal Retirement	18,644	33,138	18,644	33,138
Interest and Fiscal Charges	203	477	203	447
Total Cash Disbursements - Governmental	31,148,758	27,574,794	9,718,646	10,104,413
Business-Type Activities				
Proprietary Funds	\$ 6,866,324	\$ 5,770,428	\$ (1,189,556)	\$ 307,360

The County's Funds

Financial statement information about the County's major funds starts on page 16. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$35,288,585 and cash disbursements and other financing uses of \$31,627,003. The net change in the general fund balance for the year increased \$2,859,677 where the cash balance went from \$8,155,926 in 2019 to \$11,015,603 for 2020. Sales tax receipts was the largest increase of \$741,370.

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 UNAUDITED (Continued)

The Pike Repair, Job and Family Service and Hardin County Board of Developmentally Disabilities Funds had increases (decreases) in net position of \$337,235, \$(153,229), and \$112,391, respectively. All enterprise funds had total operating cash receipts, a grant and transfers in of \$8,217,267 and operating cash disbursements of \$6,866,324 resulting in an increase in net position of \$1,350,943.

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 \$10,335,023; final budget estimates were \$9,230,000. Of this \$1,105,023 positive variance, an increase in Sales Taxes of \$741,370 was the largest operating variances.

Total actual disbursements and other financing uses on the budget basis (cash outlays and encumbrances) were \$8,380,454 which is \$1,111,627 less than the final appropriations of \$9,492,081.

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, 2020 the County had \$343,996 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

	2020	2019
General Obligation/Special		
Assesment Bonds	\$1,300	\$7,650
OPWC Loans	342,696	186,502
Totals	<u>\$343,996</u>	<u>\$194,152</u>

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 UNAUDITED (Continued)

Current Financial Related Activities

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

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

Contacting the County's Financial Management

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

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HARDIN COUNTY

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2020**

	Primary Government			Component Unit Totals
	Governmental Activities	Business - Type Activities	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$26,887,808	\$1,934,721	\$28,822,529	
Cash and Cash Equivalents in Segregated Accounts	201,498		201,498	\$288,737
Cash with Fiscal Agent	461,905		461,905	
Total Assets	\$27,551,211	\$1,934,721	\$29,485,932	\$288,737
Net Position				
Restricted for:				
Debt Service	16,743		16,743	
Capital Projects	180,039		180,039	
Other Purposes	14,904,462		14,904,462	
Unrestricted	12,449,967	1,934,721	14,384,688	288,737
Total Net Position	\$27,551,211	\$1,934,721	\$29,485,932	\$288,737

See accompanying notes to the basic financial statements

HARDIN COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government				
Legislative and Executive	\$5,356,316	\$1,283,873	\$328,709	
Judicial	2,842,765	957,646	932,971	
Public Safety	4,413,547	492,751	1,432,515	
Public Works	8,117,904	1,904,986	5,942,718	\$500,000
Health	283,969	153,186	254,722	
Human Services	9,406,201	917,371	5,778,081	
Conservation and Recreation	180,274		76,573	
Economic Development	528,935	3,325		470,685
Debt Service:				
Principal Retirement	18,644			
Interest and Fiscal Charges	203			
Total Governmental Activities	<u>31,148,758</u>	<u>5,713,138</u>	<u>14,746,289</u>	<u>970,685</u>
Business Type Activities				
Hardin Hills	5,954,274	6,438,914	721,935	
Waste Transfer Station	848,114	833,337		
Sewers	63,936	61,694		
Total Business Type Activities	<u>6,866,324</u>	<u>7,333,945</u>	<u>721,935</u>	
Total Primary Government	<u>38,015,082</u>	<u>13,047,083</u>	<u>15,468,224</u>	<u>970,685</u>
Component Units:				
Airport	308,099	68,789	312,852	
Hardin Housing	90,486	61,571	41,325	
Total Component Units	<u>\$398,585</u>	<u>\$130,360</u>	<u>\$354,177</u>	

General Cash Receipts and Transfers

Property Taxes Levied for:

General Purpose
 911 - Public Safety
 Hardin County Board of Developmental Disabilities
 Sheriff Levy
 Sales Taxes
 Grants and Entitlements not Restricted for Specific Purposes
 Interest
 Proceed of Note
 Payment in Lieu of Taxes
 Transfers In / (Out)
 Miscellaneous
 Total General Receipts and Transfers
 Changes in Net Position
 Net Position Beginning of Year (Restated Note 3)
 Net 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			Component Units
Governmental Activities	Business Type Activities	Total	
(\$3,743,734)		(\$3,743,734)	
(952,148)		(952,148)	
(2,488,281)		(2,488,281)	
229,800		229,800	
123,939		123,939	
(2,710,749)		(2,710,749)	
(103,701)		(103,701)	
(54,925)		(54,925)	
(18,644)		(18,644)	
(203)		(203)	
<u>(9,718,646)</u>		<u>(9,718,646)</u>	
	1,206,575	1,206,575	
	(14,777)	(14,777)	
	(2,242)	(2,242)	
	<u>1,189,556</u>	<u>1,189,556</u>	
<u>(\$9,718,646)</u>	<u>1,189,556</u>	<u>(8,529,090)</u>	
			\$73,542
			12,410
			<u>85,952</u>
1,676,074		1,676,074	
317,376		317,376	
2,282,566		2,282,566	
463,059		463,059	
5,234,961		5,234,961	
1,155,062		1,155,062	
455,442		455,442	260
168,489		168,489	
152,100		152,100	
(140,000)	140,000		
1,615,099	21,387	1,636,486	
<u>13,380,228</u>	<u>161,387</u>	<u>13,541,615</u>	<u>260</u>
3,661,582	1,350,943	5,012,525	86,212
<u>23,889,629</u>	<u>583,778</u>	<u>24,473,407</u>	<u>202,525</u>
<u>\$27,551,211</u>	<u>\$1,934,721</u>	<u>\$29,485,932</u>	<u>\$288,737</u>

HARDIN COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2020

	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	\$11,015,603	\$1,803,698	\$94,352	\$3,289,048	\$10,685,107	\$26,887,808
Cash and Cash Equivalents in Segregated Accounts					201,498	201,498
Cash with Fiscal Agent				461,905		461,905
<i>Total Cash Assets</i>	<u>11,015,603</u>	<u>1,803,698</u>	<u>94,352</u>	<u>3,750,953</u>	<u>10,886,605</u>	<u>27,551,211</u>
Fund Balances						
Nonspendable	28,975					28,975
Committed	1,204,418				1,474,339	2,678,757
Restricted		1,803,698	94,352	3,750,953	9,412,266	15,061,269
Assigned	411,586					411,586
Unassigned	9,370,624					9,370,624
<i>Total Cash Fund Balances</i>	<u>\$11,015,603</u>	<u>\$1,803,698</u>	<u>\$94,352</u>	<u>\$3,750,953</u>	<u>\$10,886,605</u>	<u>\$27,551,211</u>

See accompanying notes to the basic financial statements

HARDIN COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Pike Repair Fund	Job and Family Services	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property Taxes	\$1,676,074			\$2,282,566	\$780,435	\$4,739,075
Intergovernmental	1,155,062	\$5,897,715	\$2,602,983	1,465,376	5,750,900	16,872,036
Investment Income	441,063	12,768			1,611	455,442
Licenses and Permits	1,675				217,016	218,691
Fines and Forfeitures	15,834	34,597			403,492	453,923
Special Assessments					1,067,303	1,067,303
Charges for Services	1,510,404	533,477	358,536	103,686	1,384,383	3,890,486
Sales Tax	5,234,961					5,234,961
Payment in Lieu of Taxes	152,100			45,584		197,684
Miscellaneous	1,181,432	154,138	7,025	11,041	298,614	1,652,250
Total Receipts	11,368,605	6,632,695	2,968,544	3,908,253	9,903,754	34,781,851
Cash Disbursements						
Current:						
General Government:						
Legislative and Executive	4,099,983				1,256,333	5,356,316
Judicial	1,833,386				1,009,379	2,842,765
Public Safety	2,009,072				2,404,475	4,413,547
Public Works	31,986	6,451,655			1,634,263	8,117,904
Health					283,969	283,969
Human Services	254,434		3,121,773	3,795,862	2,234,132	9,406,201
Conservation and Recreation	85,600				94,674	180,274
Economic Development and Assistance					528,935	528,935
Debt Service:						
Principal Retirement					18,644	18,644
Interest and Fiscal Charges					203	203
Total Disbursements	8,314,461	6,451,655	3,121,773	3,795,862	9,465,007	31,148,758
Cash Receipts Over (Under) Cash Disbursements	3,054,144	181,040	(153,229)	112,391	438,747	3,633,093
Other Financing Sources (Uses)						
Proceeds of Note		168,489				168,489
Advances In	30,112				76,260	106,372
Advances Out	(5,000)				(101,372)	(106,372)
Transfers In					231,873	231,873
Transfers Out	(219,579)	(12,294)			(140,000)	(371,873)
Total Other Financing Sources (Uses)	(194,467)	156,195			66,761	28,489
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	2,859,677	337,235	(153,229)	112,391	505,508	3,661,582
Fund Balances - Beginning of Year (Restated Note 3)	8,155,926	1,466,463	247,581	3,638,562	10,381,097	23,889,629
Fund Balances - End of Year	<u>\$11,015,603</u>	<u>\$1,803,698</u>	<u>\$94,352</u>	<u>\$3,750,953</u>	<u>\$10,886,605</u>	<u>\$27,551,211</u>

See accompanying notes to the basic financial statements

HARDIN COUNTY

STATEMENT OF FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2020

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Cash Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,737,127</u>	<u>\$197,594</u>	<u>\$1,934,721</u>
Net Position:			
Unrestricted	<u>\$1,737,127</u>	<u>\$197,594</u>	<u>\$1,934,721</u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Cash Receipts:			
Charges for Services	\$6,438,914	\$895,031	\$7,333,945
Other Operating Receipts	20,112	1,275	21,387
Total Operating Cash Receipts	<u>6,459,026</u>	<u>896,306</u>	<u>7,355,332</u>
Operating Cash Disbursements:			
Personal Services	3,129,382	198,539	3,327,921
Fringe Benefits	1,027,720	79,104	1,106,824
Contractual Services	111,160	202,723	313,883
Materials and Supplies	693,195	45,801	738,996
Other Operating Expenses	885,862	372,552	1,258,414
Capital Outlay	106,955	13,331	120,286
Total Operating Cash Disbursements	<u>5,954,274</u>	<u>912,050</u>	<u>6,866,324</u>
Operating (Loss)	504,752	(15,744)	489,008
Non-Operating Receipts:			
Grant	721,935		721,935
Transfers In		140,000	140,000
Total Non-Operating Receipts	<u>721,935</u>	<u>140,000</u>	<u>861,935</u>
Changes in Net Position	1,226,687	124,256	1,350,943
Net Position - Beginning of Year	<u>510,440</u>	<u>73,338</u>	<u>583,778</u>
Net Position - End of Year	<u><u>\$1,737,127</u></u>	<u><u>\$197,594</u></u>	<u><u>\$1,934,721</u></u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2020**

	<u>Private Purpose Trust</u>	<u>Custodial</u>
Cash Assets:		
Equity in Pooled Cash and Cash Equivalents	\$357,978	\$3,814,227
Total Cash Assets	<u>357,978</u>	<u>3,814,227</u>
Net Position:		
Restricted:		
Expendable	171,697	
Nonexpendable	186,281	
Undistributed Assets		3,814,227
Total Net Position	<u>\$357,978</u>	<u>\$3,814,227</u>

See Accompanying Notes to the Basic Financial Statements.

HARDIN COUNTY

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Private Purpose Trust	Custodial
Cash Additions:		
Gifts and Donations	\$20,479	
Investment Income	3,278	\$397
Property and Other Local Taxes Collected for Distribution		25,147,446
Intergovernmental		7,556,579
Deposits Received		95,696
Amounts Held for Employees		22,314
Amounts Received as Fiscal Agent		2,055,174
Other Amounts Collected for Distribution		459,365
Total Cash Additions	23,757	35,336,971
Cash Deductions:		
Payments in Accordance with Trust Agreements	14,611	
Distributions as Fiscal Agent		1,412,984
Distributions to Other Governments		33,036,515
Total Cash Deductions	14,611	34,449,499
Change in Net Position	9,146	887,472
Net Position - Beginning of Year (Restated Note 3)	348,832	2,926,755
Net Position - End of Year	\$357,978	\$3,814,227

See Accompanying Notes to the Basic Financial Statements.

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

Note 1 – Reporting Entity

Hardin County (the County) is a body politic and corporate established in 1883 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County’s operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the entire County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the County are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For the County, this includes the Hardin County Board of Developmental Disabilities (DD), Hardin Hills (County Home), Job and Family Services, Children Services Board, and departments and activities that are directly operated by the elected County officials.

A. Component Units

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization’s governing board; and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization’s resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County.

Discretely Presented Component Unit

The component unit column on the financial statements identifies the financial data of the County’s component units, Hardin County Development, Inc. and Hardin County Airport Authority. They are reported separately to emphasize that they are legally separate from the County. Financial information about these component units is presented in Note 25 to the basic financial statements.

Hardin County Housing Development, Inc.

Hardin County Housing Development, Inc. (HCHD) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The HCHD, under a contractual agreement with its affiliate the Hardin County Board Developmental Disabilities (HCBDD), provides capital facilities and hygiene services for adults with developmental disabilities in the County.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

The Hardin County Board of DD provides the staff salaries, transportation, equipment, and other funds as necessary for the operation. Based on the significant services and resources provided by the County to the HCHD and HCHD's sole purpose of aiding developmentally disabled adults of Hardin County, HCHD is a component unit of the County. Complete financial statements can be obtained from Joanne Longbrake, Finance Manager, at the administrative offices at 705 Ida Street, Kenton, Ohio.

Hardin County Airport Authority

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

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

B. Jointly Governed Organizations

The County participates in several jointly governed organizations. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

West Central Ohio Network
Hardin County Regional Planning Commission:
Workforce Innovations and Opportunity Act Consortium of Auglaize, Hardin, Mercer, and Van Wert Counties
Hardin County Family and Children First Council
Logan County Juvenile Detention Center

C. Joint Ventures and Public Entity Risk Pools and Related Organizations

The County participates in several are joint ventures, public risk pools and related organizations. These organizations are presented in Note 16, Note 17, and Note 18 to the basic financial statements:

Joint Ventures:

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are:

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties
Multi County Correctional Center

Risk Pools:

County Risk Sharing Authority, Inc. (CORSA)
County Commissioner Association of Ohio Workers' Compensation Group Rating Plan
County Employee Benefit Consortium of Ohio, Inc.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Related Organizations:

Mary Lou Johnson Hardin County Public Library
Hardin County Veterans Memorial Park District

D. Fiscal Agent Relationships

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

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

Kenton-Hardin County General Health District
Hardin County Soil and Water Conservation District

E. Other Districts

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the County at year end. The statement of activities compares disbursements and program receipts for each program or function of the County's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the County.

Fund Financial Statements - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

B. Fund Accounting

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

Governmental Funds - Governmental funds are those through which most governmental functions of the County are financed. 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.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

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.

Proprietary Funds - The County classifies funds financed primarily from user charges for goods or services as proprietary. 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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County has no pension trust funds or investment trust funds. The County's private-purpose trust funds are amounts held in trust for individuals served by Hardin Hills and Veteran's Services. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The County's custodial funds accounts for amounts collected and distributed on behalf of another government or organization.

C. Basis of Accounting

The County's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

As a result of the use of this 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 certain 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.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate.

The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by the County Commissioners at the fund, department, and object level for all funds.

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

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

E. Cash and Investments

To improve cash management, cash received by the County is pooled and invested. Individual fund integrity is maintained through County records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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

The Component units are recorded as "Cash and Cash Equivalents in Segregated Accounts".

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

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

During 2020, investments were limited to Federal Home Loan Bank Bond, Federal Home Loan Mortgage Corporation Note, Federal Farm Credit Bank Bond, STAR Ohio, and nonnegotiable Certificates of Deposit. The County records all its investments at cost.

STAR Ohio (The State Treasury Asset Reserve of Ohio) is an investment pool managed by the Treasurer's Office which allows governments, which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2020 amounted to \$441,063, which includes \$313,222 assigned from other County funds. For 2020, total interest receipts amounted to \$458,720 in which \$441,063 was recorded in the General Fund; \$12,768 was recorded in Pike Repair Fund; \$1,071 was recorded in the Help America Vote Grant Fund, \$540 was recorded in the Coronavirus Relief Fund and \$3,278 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.

F. 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.

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.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Advances between governmental and business type activities on the government-wide statements are reported in the same manner as general receipts.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11 the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Pensions

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

K. 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.

L. Intergovernmental Revenues

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

M. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received, and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an "Other financing source" nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

N. 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 (such as debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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. 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.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

O. 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 assets restricted by enabling legislation.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

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.

P. Internal Activity

Transfers within 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.

Note 3 – Change in Accounting Principles and Restatement of Net Position/Fund Balances

Change in Accounting Principles and Restatement of Fund Balances

For 2020, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities" and GASB Implementation Guide No. 2019-2, "Fiduciary Activities".

GASB Statement No.84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities.

The implementation of this statement had the following effect on net position and fund balance as previously reported at December 31, 2019:

	Governmental Activities	Business- Type Activities	Total
Net Position, December 31, 2019	\$ 23,274,433	\$ 583,778	\$ 23,858,211
Fund Structure	447,889		447,889
Segregated Cash	167,307		167,307
Restated Net Position, December 31, 2019	\$ 23,889,629	\$ 583,778	\$ 24,473,407

	General Fund	Pike Repair Fund	Job and Family Service Fund	HCBDD Fund	Other Governmental	Total
Fund Balance						
December 31,2019	\$ 7,745,294	\$ 1,466,463	\$ 247,581	\$ 3,638,582	\$ 10,176,533	\$ 23,274,453
GASB Statement No.84						
Fund Structure	410,632				37,257	447,889
Segregated Cash					167,307	167,307
Restated Fund Balance,						
December 31,2019	\$ 8,155,926	\$ 1,466,463	\$ 247,581	\$ 3,638,582	\$ 10,381,097	\$ 23,889,649

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$2,926,755. Also related to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds that reported assets and liabilities of \$3,541,951 at December 31, 2019.

Note 4 - 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.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis of the General Fund and Major Special Revenue Funds are presented as Supplementary Schedules with Notes to those schedules beginning on page 71.

Note 6 – Deposits and Investments

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions of the State of Ohio, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts in eligible institutions pursuant to ORC sections 135.32;
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,

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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. Except as noted above, an investment must mature within five years from the date of settlement unless matched to a specific obligation or debt of the County and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$16,849,727 of the County's bank balance of \$26,912,928 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment and whose market value at all times shall be at least 105 percent of the deposits being secured;

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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

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

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Investments

The fair value of the following investments is not materially different than measurement value. As of December 31, 2020, the County's investments were as follows:

Description	Measurement Value	Investment Maturities (in Years)	
		Fair Value	
		Less than 1 Year	
STAR Ohio	\$ 6,727,462	\$	6,727,462
Total	\$ 6,727,462	\$	6,727,462

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--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.

Credit Risk--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.

Custodial Credit Risk--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."

Concentration of Credit Risk--The County places no limit on the amount it may invest in any one issuer. All of the County's investments are invested in STAR Ohio.

Note 7 – Taxes

Property Taxes

Property taxes include amounts levied against all real, public utility and public utility personal property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 Real property taxes and public utility taxes are levied after October 2019, on the assessed value as of the January 1, 2019, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

HARDIN COUNTY
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(Continued)

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

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2020, was \$12.00 per \$1,000 of assessed valuation for real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property:	
Residential - 2019 Valuation	\$ 293,137,010
Agricultural - 2019 Valuation	255,379,500
Commercial	40,581,490
Industrial	26,256,580
Public Utilities	481,850
Tangible Personal Property - 2019 Valuation	
Public Utilities	57,731,780
Total Valuation	\$ 673,568,210

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.

Permissive Sales and Use Tax

The County Commissioners by resolution have imposed a one and one-half percent tax on retail sales made in the County effective January 1, 2005. The allocation of the sales tax is 100% to the County's General Fund. 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 Office of Budget Management 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.

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, 2020, the County abated taxes totaling \$210,653 for the following tax abatement agreements.

An agreement was entered into with the County, the Village of Ada, and Ada Technologies, Inc. (ATI) 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 \$29,575.

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(Continued)

An agreement was entered into with the County, Buck Township, and Robinson Fin Machines, Inc. in July 2006. This agreement abates 100% of property taxes on the increase taxable value for 15 years beginning January 1, 2007 and ending on December 31, 2022. The increase taxable value consists of new construction of a facility for warehousing of 9,400 square feet and manufacturing of 4000 square feet and requires the hiring of three additional employees. The additional annual payroll was estimated at \$80,000. This year the tax savings was \$7,122.

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 in 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 \$11,184.

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 in taxable value consists of new construction of 250,000 square feet to house its manufacturing and warehouse operations and to permit consolidation of its operations and expansion of its product lines.

In addition, International Paper will purchase and install new machinery and equipment of approximately \$45,000,000. International Paper shall create the equivalent of 125 new full-time permanent job opportunities and use its best efforts to retain 532 existing full-time equivalent jobs. The increase in the number of employees will result in approximately \$4,216,000 of additional annual payroll. This year the tax savings was \$132,219.

An agreement was entered into by Hardin County and Associated Plastics Corporation in 2016. This agreement abates 75% property tax on the increase taxable value for 10 years and will not extend beyond December 31, 2027. This increase in taxable value consists of adding additional space to their building and hiring new ten full-time permanent employees for an additional payroll of approximately \$400,000 per year. This year the tax savings was \$14,280.

An agreement was entered into by the County Buck Township and McCullough Properties in August 2017. This agreement abates 75% property tax on the increase taxable value for 10 years. This increase in taxable value consists of new construction of a 35,000 square foot facility with new machinery and equipment of approximately \$1,000,000, furniture and fixtures of \$50,000, and inventory of \$300,000. McCullough Properties will also create the equivalent of four to six new full-time permanent job opportunities, and of four to six new part-time permanent jobs for an additional payroll of approximately \$200,000 per year. This year the tax savings was \$16,273.

Note 8 - 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 2020:

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(Continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$ 219,579
Pike Repair	-	12,294
<u>Nonmajor Funds:</u>		
Indigent Guardianship	-	
Landfill	-	140,000
GIS	88,379	-
Information Technology	70,000	-
Emergency Management Agency	30,000	-
Keep Hardin County Beautiful	11,200	-
Law Library	20,000	-
OPWC - Debt Retirement	12,294	-
Permanent Improvement	-	-
Other Business Type Funds:		
Waste Disposal - Revenue	140,000	-
Changes		
	<u>\$ 371,873</u>	<u>\$ 371,873</u>
Totals		

Note 9 – 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 approximately seventy counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program. Member counties agree to jointly participate in the coverage of losses and pay all contributions necessary for the specified insurance coverage provided CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Coverage provided is as follows:

General Liability - Each Occurrence	\$1,000,000
Excess Liability	7,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Ohio Stop Gap Employer' Liability	1,000,000
Employee Benefits Liability	1,000,000
Privacy and Security Liability	1,000,000
Privacy Response Expenses	1,000,000
Claims Expenses, Regulatory Processings/Penalties	250,000
PCI-DSS Assessments	250,000
Electronic Equipment Data/Network Interruption Cost	250,000
Cyber Extortion	50,000
Attorney Disciplinary Proceedings	25,000
Declaratory, Injunctive or Equitable Relief	25,000
Real and Personal Property	117,435,085
Equipment Breakdown	100,000,000
Business Income/Extra Expense	100,000,000
Gross Earnings/Extra Expense	2,500,000
Contingent Business Interruption	100,000
Crime Coverage (Employee Dishonesty, Computer Fraud)	1,000,000
Public Officials Liability	1,000,000
General Liability/Medical Professional Liability for County I	1,000,000

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

Law Enforcement Liability	1,000,000
Fine Arts	1,000,000
Dog Warden Blanket Bond	2,000
Extra Expenses - Business Interruption	100,000
EDP Media	250,000
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.

Note 10 – 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 way pensions are financed; however, the County does receive the benefit of employees' services in exchange for compensation, including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within thirty years.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

If the pension 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 recipients.

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

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

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

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HARDIN COUNTY
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(Continued)

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

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

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

When a traditional 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 2020, 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.

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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.

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

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution			
Rates Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2020 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

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

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(Continued)

The County's contractually required contributions were \$2,030,894 and \$1,876,187 for 2020 and 2019, respectively.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2019, 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	0.089817%
Prior Measurement Date	<u>0.087926%</u>
Changes in Proportional Share	0.001891%

Proportional Share of the Net Pension Liability \$ 17,752,330

Actuarial Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provide at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, 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, 2019, are presented below.

<u>Measurement and Valuation Date</u>	<u>OPERS Traditional Plan</u>
Measurement and Valuation Date	December 31, 2019
Actuarial Cost Method	Individual entry age
Projected Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75% including wage inflation
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.20 percent
Wage inflation	3.25 percent

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

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(Continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: The Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month.

Accordingly, the money weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

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

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

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(Continued)

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

Sensitivity of the County's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent and the expected net pension liability or asset if it were calculated using a discount rate that is one percentage point lower (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease	Current	1% Increase
	6.2%	Discount Rate	8.2%
	7.2%		
County's Proportionate Share of the Net Pension Liability	\$ 29,280,342	\$ 17,752,330	\$ 7,390,143

State Teachers Retirement Systems

Net Pension Liability

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

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

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

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). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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(Continued)

In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the pension 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 recipients.

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

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

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

Eligibility changes for DBP members will actuarially reduced will be phased in until August 2, 2012, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and 2 percent goes to the DBP. Member contributions to the DCP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service.

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(Continued)

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 and after termination of employment.

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 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. The 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2020, the full employer contribution was allocated to pension.

The HCBDD's contractually required contribution to STRS was \$ 59,238 and \$61,820 for fiscal year 2020 and 2019, respectively.

Net Pension Liability Portion

The net pension liability (asset) for OPERS was measured as of December 31, 2019, and the net pension liability for STRS was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of the respective measurement dates. The Hardin County Board of DD's proportion of the net pension liability (asset) was based on the Hardin County Board of DD's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	STRS
Proportion of the Net Pension Liability	
Current Measurement Date	0.00376117%
Proportion of Net Pension Liability	
Prior Measurement Date	0.00364203%
Change in Proportionate Share	0.00011914%
Proportionate Share of the	
Net Pension Liability	\$ 831,760

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

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(Continued)

	July 1, 2020
Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll Increases	3 percent
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rates of Return	7.45 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement MP-2016.

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

Investment Return Assumptions - 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 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

*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.

HARDIN COUNTY
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(Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. 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, 2019. 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, 2019.

Sensitivity of Net Pension Liability to Changes in the Discount Rate Assumption - 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	Current	1% Increase
	6.45%	Discount Rate	8.45%
	6.45%	7.45%	8.45%
County's Proportionate Share of the Net Pension Liability	\$ 1,215,525	\$ 831,760	\$ 506,884

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, 2020, none have elected Social Security.

Note 11 – Defined Benefit Postemployment Benefits Plans

Net OPEB Liability

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

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

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

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(Continued)

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an “Other Post Employment Benefit” (OPEB) as described in GASB Statement 75. See OPERS’ 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.

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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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and 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. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan was 4.0 percent for 2020.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$0 for 2020.

Plan Description – State Teachers Retirement System (STRS)

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, 2021. The Plan is included in the report of STRS 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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the 2020, STRS did not allocate any employer contributions to postemployment health care

Net Pension Liability Portion - The The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year.

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For STRS, the net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The Hardin County Board of DD's proportion of the net OPEB liability (asset) was based on the Hardin County Board of DD's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.08626900%	0.00376117%	
Prior Measurement Date	0.08372000%	0.00364200%	
Change in Proportionate Share	0.0025490%	0.0001192%	
	OPERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	\$11,916,337	(\$62,294)	\$11,854,043

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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019.

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

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Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment Rate of Return	6 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.5 percent initial 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent initial 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts invested, for the Health Care portfolio was 19.70% for 2019.

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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 2019 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018.

Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent.

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

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

	1% Decrease	Current Discount Rate	1% Increase
	2.16%	3.16%	4.16%
<u>County's Proportionate Share of the Net Pension Liability</u>	<u>\$ 15,593,984</u>	<u>\$ 11,916,337</u>	<u>\$ 8,971,113</u>

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(Continued)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation.

On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
<u>\$11,564,359</u>	<u>\$11,916,337</u>	<u>\$12,263,138</u>

Changes between Measurement Date and Reporting Date

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

Actuarial Assumptions – STRS

All disclosures related to the actuarial assumptions relate to the amounts used for the net OPEB liability for STERS which was measured as of June 30, 2020.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017 actuarial valuation are presented below:

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(Continued)

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Pre-Medicare	Initial 5.87 percent, Ultimate 4 percent
Medicare	Initial 4.93 percent, Ultimate 4 percent
Prescription Drug	
Pre-Medicare	Initial 7.73 percent, Ultimate 4 percent
Medicare	Initial 9.62 percent, Ultimate 4 percent

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

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

Actuarial assumptions used in the June 30, 2020 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, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the County's Proportionate Share of the Net Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	\$53,156	\$62,294	\$69,977
	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	\$70,639	\$62,294	\$52,074

Note 12 - Debt

Long-Term Obligations

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.

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(Continued)

The County's long-term debt transactions for the year ended December 31, 2020, are summarized below:

	Debt Principal Outstanding 01/01/20	Debt Principal Issued	Debt Principal Retired	Debt Principal Outstanding 12/31/20
Special Assessment Bonds with Government Commitment	\$ 7,650	\$ -	\$ 6,350	\$ 1,300
OPWC Loans	186,501	168,489	12,294	342,696
Total	\$ 194,151	\$ 168,489	\$ 18,644	\$ 343,996

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 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, Osborn Ditch in the amount of \$2,509, and Lonas Ditch in the amount of \$545. The Meyer, Osborn and Lonas bonds were paid off in previous years.

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

In 2020, the County started County and Township-wide Road Improvement projects which were financed in the amount of \$210,000 with an OPWC loan with zero interest to the County. The County received \$168,489 in 2020. The loan is scheduled for repayment over a ten year period beginning in 2021 when the projects are completed.

The following are descriptions of the bonds and loans that existed in 2020 and were outstanding as of December 31, 2020:

Description	Issue Date	Issue Rate %	Original Amount	2020 Amount Paid	Outstanding Amount	Maturity Date
Special Assessment Bonds:						
Steinle Ditch	2015	2.25%	22,100	3,400		2020
McClaren Tri Ditch	2015	3.00%	12,300	750		2020
Jones Ditch	2015	3.00%	6,300	900		2020
Karg Ditch	2016	3.00%	7,700	1,300	1,300	2021
Total Special Assessment Bonds				<u>6,350</u>	<u>1,300</u>	
Loans						
OPWC Loan	2008	0.00%	191,768	4,794	76,707	2028
OPWC Loan	2016	0.00%	150,000	7,500	97,500	2026
OPWC Loan	2020	0	168,489	0	168,489	2030
Total Loans				<u>12,294</u>	<u>342,696</u>	
Total Bonds and Loans				<u>\$ 18,644</u>	<u>\$ 343,996</u>	

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The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2020, including interest payments of \$39 are as follows:

	Assessment Bonds with Government Commitment		OWPC Loans	Totals	
	Principal	Interest	Principal	Principal	Interest
	2021	\$ 1,300	\$ 39	\$ 33,013	\$ 34,313
2022	-	-	41,438	\$ 41,438	-
2023	-	-	41,438	\$ 41,438	-
2024	-	-	41,438	\$ 41,438	-
2025	-	-	41,438	\$ 41,438	-
2026-2029	-	-	135,514	\$ 135,514	-
2030	-	-	8,417	\$ 8,417	-
Total	<u>\$ 1,300</u>	<u>\$ 39</u>	<u>\$342,696</u>	<u>\$343,996</u>	<u>\$ 39</u>

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 on December 31, 2020 are an overall debt margin of \$15, 011,952 and an un-voted debt margin of \$67,357.

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 October 2020, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2020, in the amount of \$35,000,000 for the benefit of Ohio Northern University to rene and retire certain revenue financings. The outstanding debt on December 31, 2020 is \$26,745,000.

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

Note 13 – Construction and Contractual Commitments

Landfill

The County closed a landfill site in 1995, in accordance with state and federal laws. This closure requires the County to place a final cover on its landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

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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. Although post closure care costs will be paid after the date the landfill stops accepting waste, the County estimates the remaining post closure care costs to be estimated at \$559,993 based on last year's study and upon over the remaining 5 of the 30-year monitoring period. Actual costs may differ due to inflation, changes in technology, or changes in regulations. The County obtained a promissory note for the face amount of the estimated post closure costs in the event fees or tax revenue would not be sufficient to cover the annual post closure costs. Presently a solid waste transfer station is operating, and transfer fees and tax revenues are financing the post closure costs. Due to the County's application of the cash basis of accounting, this long-term obligation is not reported as a liability in the financial statements.

Note 14 – Contingent Liabilities

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 would be immaterial.

Litigation

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

Note 15 – Jointly Governed Organizations

West Central Ohio Network

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

Hardin County 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.

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

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

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

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

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

Hardin County Family and Children First Council

The Hardin County Family and Children First Council (FCFC) provide services to multi-need youth in the County. Members of the council include the Hardin County Board of Developmental Disabilities, Mental Health Board, Hardin County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Head Start, Kenton-Hardin County Board of Health, Kenton City Schools, Hardin County Human Services, Midwest 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 who's general-purpose is to allow for the constitutional detention of juvenile persons. Hardin County uses this center for detention of juvenile persons living in Hardin County.

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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.

Note 16 - Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The following organizations are joint ventures of the County:

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

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

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

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

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

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

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Multi County Correctional Center

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

The Center is governed by a Joint County Corrections Commission. The Commission shall be a board composed of the following representatives: The President of the Board of County Commissioners, the Sheriff, and the Presiding Judge of the Court of Common Pleas or his designee from each member county. 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, 2020. Financial information can be obtained from the Marion County Auditor, Joan M. Kasotis, 222 West Center Street, Marion, Ohio 43302.

Note 17 - Risk Pools

County Risk Sharing Authority, Inc. (CORSA)

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

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

County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

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

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

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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.

Note 18 - 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.

Note 19 - Fiscal Agent Relationships

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

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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 custodial funds within the County's financial statements:

Kenton-Hardin County General Health District

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

Hardin County Soil and Water Conservation District

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

Note 20 - Other Districts

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

Note 21 – Related Party Transactions

During 2020, the County provided a subsidy to the Hardin County Housing Development, Inc. (HCHD) in the amount of \$35,000 to pay contracts of the maintenance manager and the finance manager.

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

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HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 22 – 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	\$ 28,975	\$ -	\$ -	\$ -	\$ -	\$ 28,975
Restricted for:						
Road and Bridge Maintenance	-	1,803,698	-	-	-	1,803,698
Ditch Maintenance	-	-	-	-	1,608,743	1,608,743
Real Estate Assessment	-	-	-	-	513,079	513,079
Public Assistance	-	-	94,352	-	-	94,352
Education	-	-	-	3,750,953	-	3,750,953
Capital Improvements	-	-	-	-	180,027	180,027
Debt Service Payments	-	-	-	-	16,743	16,743
911 Services	-	-	-	-	534,526	534,526
Children Services	-	-	-	-	1,289,359	1,289,359
Other Purposes:	-	-	-	-	5,269,789	5,269,789
Total Restricted	-	1,803,698	94,352	3,750,953	9,412,266	15,061,269
Committed:						
Workers Compensation	1,193,418	-	-	-	-	1,193,418
Underground Storage	11,000	-	-	-	-	11,000
Capital Improvements	-	-	-	-	1,474,339	1,474,339
Total Committed	1,204,418	-	-	-	1,474,339	2,678,757
Assigned To:						
Other Purposes	411,586	-	-	-	-	411,586
Unassigned	9,370,624	-	-	-	-	9,370,624
Total Fund Balances	\$ 11,015,603	\$ 1,803,698	\$ 94,352	\$ 3,750,953	\$ 10,886,605	\$ 27,551,211

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, 2020, the current fund balance was \$1,252,000 and is included as part of the unassigned balance in the General Fund. There are currently no written rules for how the money will be used other than future projects that may come up.

Note 23 - 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	\$ 84,174	\$ -
Pike Repair	-	22,002
Job and Family Services	-	71,214
Hardin County Board of DD	-	12,231
Non-Major Governmental Funds	-	238,772
Totals	\$ 84,174	\$ 344,219

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Note 24 – COVID-19

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

During 2020, the County received CARES Act funding. Of the amounts received, \$0 was sub-granted to other governments and organization, \$0 was returned to the granting agency, and \$230,794 was spent on-behalf of other governments. These amounts are reflected as general government expenditures in the Coronavirus Relief Special Revenue Fund (Other Governmental Funds) on the accompanying financial statements.

Note 25 – Component Units

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

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

	Airport Authority	Hardin Housing	Totals
Program Cash Receipts	\$ 381,641	\$ 102,896	\$ 484,537
Non-Operating Cash Receipts	106	154	260
Program Cash Disbursements	(308,099)	(90,486)	(398,585)
Changes in Net Cash Position	73,648	12,564	86,212
Net Cash Position Beginning of Year	144,466	58,059	202,525
Net Cash Position End of Year	\$ 218,114	\$ 70,623	\$ 288,737

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 on December 31 was \$218,114. Deposits are insured by the Federal Depository Insurance Corporation.

HARDIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

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.

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

Cash - Cash includes amounts in demand deposits. At year end the carrying amount of bank deposits was \$70,623. Of the bank balance, all was covered by federal depository insurance.

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

The Housing Development's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2017, 2018, and 2020 are subject to examination by the IRS, generally for three years after they are filed.

Note 26 – Federal Food Stamp Program

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 \$6,850,366 of federal food stamps during 2020.

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HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$1,593,000	\$1,593,000	\$1,676,074	\$83,074
Sales Tax	4,200,000	4,200,000	5,234,961	1,034,961
Charges for Services	1,164,000	1,164,000	1,315,046	151,046
Licenses and Permits	1,500	1,500	1,675	175
Fines and Forfeitures	15,700	15,700	15,834	134
Intergovernmental	1,152,000	1,152,000	1,155,062	3,062
Earnings of Investments	475,000	475,000	441,063	(33,937)
Other	228,800	228,800	465,196	236,396
<i>Total Receipts</i>	<u>8,830,000</u>	<u>8,830,000</u>	<u>10,304,911</u>	<u>1,474,911</u>
Disbursements				
Current:				
General Government				
Legislative and Executive	3,944,137	3,999,045	3,785,729	213,316
Judicial	2,197,193	2,329,954	2,094,847	235,107
Public Safety	2,637,145	2,064,163	1,903,279	160,884
Public Works	32,263	32,263	31,986	277
Human Services	344,200	344,200	254,434	89,766
Conservation and Recreation	82,456	92,456	85,600	6,856
<i>Total Disbursements</i>	<u>9,237,394</u>	<u>8,862,081</u>	<u>8,155,875</u>	<u>706,206</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(407,394)</u>	<u>(32,081)</u>	<u>2,149,036</u>	<u>2,181,117</u>
Other Financing Sources (Uses)				
Advances In			30,112	30,112
Transfers In	400,000	400,000		(400,000)
Advances Out			(5,000)	(5,000)
Transfers Out	(550,000)	(630,000)	(219,579)	410,421
<i>Total Other Financing Sources (Uses)</i>	<u>(150,000)</u>	<u>(230,000)</u>	<u>(194,467)</u>	<u>35,533</u>
Net Change in Fund Balance	(557,394)	(262,081)	1,954,569	2,216,650
<i>Fund Balance Beginning of Year</i>	6,886,729	6,886,729	6,886,729	
Prior Year Encumbrances Appropriated	124,694	124,694	124,694	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$6,454,029</u>	<u>\$6,749,342</u>	<u>\$8,965,992</u>	<u>\$2,216,650</u>

See accompanying notes to the supplementary information

HARDIN COUNTY

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PIKE REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$6,820,000	\$6,820,000	\$5,897,715	(\$922,285)
Fines and Forfeitures	30,000	30,000	34,597	4,597
Investment Income			12,768	12,768
Charges for Services	1,000,000	1,000,000	533,477	(466,523)
Miscellaneous	370,000	370,000	154,138	(215,862)
<i>Total Receipts</i>	<u>8,220,000</u>	<u>8,220,000</u>	<u>6,632,695</u>	<u>(1,587,305)</u>
Expenditures:				
Current:				
Public Works	8,170,000	8,216,978	6,473,655	1,743,323
<i>Total Disbursements</i>	<u>8,170,000</u>	<u>8,216,978</u>	<u>6,473,655</u>	<u>1,743,323</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>50,000</u>	<u>3,022</u>	<u>159,040</u>	<u>156,018</u>
Other Financing (Uses)				
Proceeds of Notes			168,489	168,489
Transfers Out	(50,000)	(49,500)	(12,294)	37,206
<i>Total Other Financing (Uses)</i>	<u>(50,000)</u>	<u>(49,500)</u>	<u>156,195</u>	<u>205,695</u>
Net Change in Fund Balance		(46,478)	315,235	361,713
<i>Fund Balance Beginning of Year</i>	1,417,034	1,417,034	1,417,034	
Prior Year Encumbrances Appropriated	49,427	49,427	49,427	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,466,461</u>	<u>\$1,419,983</u>	<u>\$1,781,696</u>	<u>\$361,713</u>

See accompanying notes to the supplementary information

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
 IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 JOB AND FAMILY SERVICES FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$3,082,500	\$3,082,500	\$2,602,983	(\$479,517)
Charges for Services	370,000	370,000	358,536	(11,464)
Miscellaneous	20,000	20,000	7,025	(12,975)
<i>Total Receipts</i>	<u>3,472,500</u>	<u>3,472,500</u>	<u>2,968,544</u>	<u>(503,956)</u>
Disbursements:				
Current:				
Human Services	<u>3,472,500</u>	<u>3,564,238</u>	<u>3,192,987</u>	<u>371,251</u>
<i>Total Disbursements</i>	<u>3,472,500</u>	<u>3,564,238</u>	<u>3,192,987</u>	<u>371,251</u>
<i>Excess of Receipts Over (Under) Disbursements</i>		<u>(91,738)</u>	<u>(224,443)</u>	<u>(132,705)</u>
<i>Fund Balance Beginning of Year</i>	139,581	139,581	139,581	
Prior Year Encumbrances Appropriated	<u>108,000</u>	<u>108,000</u>	<u>108,000</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$247,581</u>	<u>\$155,843</u>	<u>\$23,138</u>	<u>(\$132,705)</u>

See accompanying notes to the supplementary information

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGE
 IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
 HCBDD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts:				
Taxes	\$2,010,000	\$2,010,000	\$2,282,566	\$272,566
Intergovernmental	1,053,176	1,053,176	1,113,732	60,556
Charges for Services	67,916	67,916	103,686	35,770
Miscellaneous	1,500	1,500	56,625	55,125
<i>Total Revenue</i>	<u>3,132,592</u>	<u>3,132,592</u>	<u>3,556,609</u>	<u>424,017</u>
Disbursements:				
Current:				
Human Services	4,091,206	4,108,068	3,603,694	504,374
<i>Total Expenditures</i>	<u>4,091,206</u>	<u>4,108,068</u>	<u>3,603,694</u>	<u>504,374</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(958,614)</u>	<u>(975,476)</u>	<u>(47,085)</u>	<u>928,391</u>
<i>Fund Balance Beginning of Year</i>	3,305,299	3,305,299	3,305,299	
Prior Year Encumbrances Appropriated	18,603	18,603	18,603	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$2,365,288</u>	<u>\$2,348,426</u>	<u>\$3,276,817</u>	<u>\$928,391</u>

See accompanying notes to the supplementary information

**HARDIN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

BUDGETARY PROCESS

A. Budget

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

B. Estimated Resources

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

C. Appropriations

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

HARDIN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2020 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 custodial funds.

D. Encumbrances

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

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

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

F. Budgetary Basis of Accounting

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

HARDIN COUNTY
NOTES TO THE SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

	Net Changes in Fund Balances			
	General Fund	Pike Repair Fund	Job and Family Service Fund	HCBDD Fund
Budget Basis	\$ 8,965,992	\$ 1,781,696	\$ 23,138	\$ 3,276,817
Activity with Fiscal Agent*	-	-	-	461,905
Adjustment for Encumbrances	83,045	22,002	71,214	12,231
Funds Budgeted Elsewhere**	1,966,566	-	-	-
Cash Basis	\$ 11,015,603	\$ 1,803,698	\$ 94,352	\$ 3,750,953

* 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 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, 2020

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5935		\$159,105
Total SNAP Cluster				159,105
Total U.S. Department of Agriculture				159,105
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>(Passed through Ohio Department of Development)</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-F-19-1BD-1		50,032
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-X-19-1BD-1		232,445
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-C-18-1BD-1		59,098
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				341,575
Home Investment Partnerships Program	14.239	B-C-18-1BD-2		155,464
Total Home Investment Partnerships Program				155,464
Total U.S. Department of Housing and Urban Development				497,039
U.S. DEPARTMENT OF JUSTICE				
<i>(Direct Program)</i>				
Comprehensive Opioid Abuse Site-Based Program	16.838	N/A		2,367
<i>(Passed through Ohio Department of Public Safety)</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JG-D01-6272		14,226
Total United States Department of Justice				16,593
U.S. DEPARTMENT OF EDUCATION				
<i>(Passed through Ohio Department of Education)</i>				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	N/A		18,081
Special Education Preschool Grants	84.173	N/A		7,624
Total Special Education Cluster (IDEA)				25,705
Special Education-Grants for Infants and Families	84.181	N/A		19,737
Total U.S. Department of Education				45,442
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Temporary Assistance for Needy Families	93.558	G-2021-11-5935	\$13,230	981,711
Total Temporary Assistance for Needy Families			13,230	981,711
Children's Health Insurance Program	93.767	G-2021-11-5935		946
Medicaid Cluster				
Medical Assistance Program	93.778	G-2021-11-5935		476,233
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Medical Assistance Program	93.778	N/A		97,228
Total Medicaid Cluster				573,461
<i>(Passed through Ohio Department Job and Family Services)</i>				
Adoption Assistance	93.659	G-2021-11-5935		94,766
CCDF Cluster				
Child Care and Development Block Grant	93.575	G-2021-11-5935	30,582	30,960
Total CCDF Cluster			30,582	30,960
Social Services Block Grant	93.667	G-2021-11-5935		299,176
<i>(Passed through Ohio Department of Developmental Disabilities)</i>				
Social Services Block Grant	93.667	N/A		30,259
Total Social Services Block Grant				329,435
<i>(Passed through Ohio Department of Job and Family Services)</i>				
Promoting Safe and Stable Families	93.556	G-2021-11-5935		33,720
<i>(Passed through Ohio Family and Children First)</i>				
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5935		61,128
<i>(Passed through Ohio Department of Job and Family Services)</i>				
John Chafee Foster Care Program For Successful Transition To Adulthood	93.674	G-2021-11-5935		195
Foster Care Title IV-E	93.658	G-1819-06-0152		58,735
Foster Care Title IV-E	93.658	G-2021-11-5935		361,268
Total Foster Care Title IV-E				420,003
Child Support Enforcement	93.563	G-2021-11-5936		357,621
Total U.S. Department of Health and Human Services			43,812	2,883,946

(continued)

HARDIN COUNTY

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

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 HOMELAND SECURITY				
<i>(Passed through Ohio Department of Public Safety)</i>				
Emergency Management Performance Grants	97.042	EMC-2019-EP-00005		\$11,279
Emergency Management Performance Grants	97.042	EMC-2020-EP-00004		11,888
Total Emergency Management Performance Grants				<u>23,167</u>
Total U.S. Department of Homeland Security				<u>23,167</u>
U.S. DEPARTMENT OF LABOR				
<i>(Passed through Ohio Department of Job and Family Services)</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	G-2021-15-0027		91,584
WIOA Youth Activities	17.259	G-2021-15-0027		107,307
WIOA Dislocated Worker Formula Grants	17.278	G-2021-15-0027		75,208
Total WIOA Cluster				<u>274,099</u>
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	G-2021-15-0027		344
Total U.S. Department of Labor				<u>274,443</u>
U.S. ELECTIONS ASSISTANCE COMMISSION				
<i>(Passed through Ohio Secretary of State)</i>				
2018 HAVA Election Security Grants	90.404	N/A		71,662
COVID-19 2018 HAVA Election Security Grants	90.404	N/A		25,000
Total U.S. Elections Assistance Commission				<u>96,662</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>(Passed through Ohio Department of Transportation)</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	E190(983) - P.I.D. 110515		62,172
Total U.S. Department of Transportation				<u>62,172</u>
U.S. DEPARTMENT OF TREASURY				
<i>(Passed thru Ohio Office of Budget and Management)</i>				
COVID-19 Coronavirus Relief Fund	21.019			1,964,252
Total U.S. Department of Treasury				<u>1,964,252</u>
Total Expenditures of Federal Awards			<u>\$43,812</u>	<u>\$6,022,821</u>

The accompanying notes are an integral part of this schedule

HARDIN COUNTY

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

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, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, or changes in net position of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

Hardin County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development. 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.

<u>Small Business Revolving Loans</u>	<u>Loan Activity and Balances</u>	<u>Cash Activity and Balances</u>
Beginning Balances January 1, 2020	\$0	\$56,195
Loan Principal Repayments / Cash Receipts		
Loan and Grant Disbursements		(7,900)
Loans Written off as Uncollectible		
Ending Balances December 31, 2020	<u>\$ 0</u>	<u>\$48,295</u>

There was a grant disbursement during 2020 however there were no outstanding loans at December 31, 2020.

HARDIN COUNTY

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

NOTE E - MATCHING REQUIREMENTS

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

NOTE F – COST REPORT SETTLEMENTS

During the calendar year, Hardin County Board of Developmental Disabilities (HCBDD) received a notice for a liability owed for 2016 from the Ohio Department of Developmental Disabilities for the Medical Assistance Program (CFDA #93.778) in the amount of \$3,222. 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 Developmental Disabilities.

NOTE G – SUBRECIPIENTS

The County passes certain federal awards received from the U.S. Department of Health and Human Services 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.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 9, 2021, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles and that the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* for the year ended December 31, 2020. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. Our report refers to another auditor who audited the financial statements of the component unit Hardin County Housing Development, Inc. as described in our report on the County's financial statements. This report does not include the results of the other auditors' 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) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-002 to be a material weakness.

Efficient • Effective • Transparent

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2020-001.

County's Responses to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and/or 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 them.

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

December 9, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of County Commissioners:

Report on Compliance for each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, 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, 2020.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021

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

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)?	Yes
(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 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Medicaid Cluster – CFDA #93.778 COVID-19 Coronavirus Relief Fund – CFDA #21.019
(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 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Noncompliance Citation

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

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting 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 annual 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.

FINDING NUMBER 2020-002

Material Weakness – Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of internal controls over the financial reporting process resulted in the following errors in the financial statements, notes to the financial statements, and schedules:

- Coronavirus Relief Fund receipts in the amount of \$1,960,691 were reported on the Statement of Activities as Program Cash Receipts Operating Grants and Contributions for the Judicial function which resulted in the overstatement of this function by \$1,960,691 and the understatement of the Legislative function by \$284,084; Public Safety function by \$1,178,954; Public Works function by \$108; Health function by \$159,722; Human Services function by \$261,500; and Conservation and Recreation function by \$76,323;

FINDING NUMBER 2020-002
(Continued)

- Receipts in the amount of \$152,100 and \$45,584 for the Hog Creek Wind Project, Mid-Ohio Energy Kenton Solar Project, and Ohio Northern University Solar Project were recorded as Miscellaneous Receipts instead of Payment in Lieu of Taxes (PILOT) on the Statement of Activities and in the General Fund and in the Hardin County Developmental Disabilities Fund, respectively, on the statement of cash receipts, cash disbursements, and changes in fund balances;
- A judicial grant in the amount of \$150,000 was recorded as Program Cash Receipts Charges for Services instead of Program Cash Receipts Operating Grants and Contributions on the Statement of Activities;
- Due to an error in the trial balances, the Assigned Fund Balance in the General Fund was overstated and Unassigned Fund Balance was understated by \$792,199;
- Proceeds of Note was overstated on the Statement of Activities and on the statement of cash receipts, cash disbursements, and changes in fund balances for the Pike Repair Fund in the amount of \$41,511; and
- Auditor of State Bulletin 2020-003 states the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, includes guidance for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 paragraph 11 outlines the criteria for identifying fiduciary activity. For activity to be considered fiduciary, it should meet three criteria: the assets are controlled by the government; the assets associated with the activity are not own source revenue or result from nonexchange transactions (with certain exceptions), and the assets must meet one of the remaining characteristics which establish the assets are held in trust or are held for the benefit of individuals, organizations or other governments.

The County implemented GASB 84 for the year ended December 31, 2020. However, based on the initial determination made by the County, the County's annual financial report filed on the Hinkle System indicated the following in Note 3: "The County reviewed its agency funds, and this resulted in many funds reported in the new fiduciary account classifications of custodial funds. These fund reclassifications did not result in the restatement of the County's financial statements."

An additional analysis was requested to be performed by the County during the audit which identified the need to reclassify activities in order to meet the requirements of GASB 84. The analysis identified the following audit adjustments to reclassify activity and balances from the Custodial Fund to Governmental Funds:

Custodial Fund receipts were overstated in the amount of \$26,144,192 which resulted in the following line items being overstated: Property and Other Local Taxes Collected for Distribution by \$4,739,074; Intergovernmental by \$375,000 Special Assessment Collections for Distributions by \$78,373; Bank Accounts Held in County Departments by \$201,498; Amounts Held for Employees by \$20,366,730; Amount Received as Fiscal Agent by \$231,417; and Other Amounts Collected for Distribution by \$152,100.

Custodial Fund deductions were overstated in the amount of \$25,316,098 which resulted in the following line items being overstated: Distribution as Fiscal Agent by \$215,021; Distributions to Other Governments by \$5,344,547; Distributions to Other Funds (Primary Gov't) by \$5,279; Distribution of Deposits by \$167,307 and Distributions on Behalf of Employees by \$19,583,944.

The following fund adjustments were made as a result of the above errors:

The balances and activity of the General Fund were increased to record the - Worker's Compensation Fund opening balance of \$410,632, receipts of \$890,720, disbursements of \$107,934 and ending fund balance of \$1,193,418. Corresponding entries were made to the Statement of Net Position and to the Statement of Activities.

**FINDING NUMBER 2020-002
(Continued)**

The balances and activity of the Other Governmental Funds were increased to record the opening balance of \$204,564 which included segregated cash of \$167,307 and opening balance of \$37,257, receipts of \$375,032, disbursements of \$329,724 and the ending balance of \$249,872. Corresponding entries were made to the Statement of Net Position and to the Statement of Activities.

In addition to the above adjustments, a restatement of net position/fund balance disclosure was added to the Notes to the Financial Statements.

The accompanying management's discussion and analysis, financial statements, and notes to the financial statements have been adjusted to correct these errors. The accounting records have adjusted to move the balance and activity of Workers Compensation Fund to the General Fund.

Adjustments to the Schedule of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis for the following funds were made to the accompanying schedules:

- General Fund - In the Original Budget expenditures column, Transfers out of \$150,000 were recorded as Legislative and Executive expenditures; in the Final Budget expenditures column, Transfers out of \$230,000 were recorded as Legislative and Executive expenditures; and in the Actual expenditures column, Legislative and Executive expenditures were overstated by \$224,580 and Judicial Expenditures were understated by \$224,580 due to Transfers and Advances out being eliminated from the incorrect functions.
- Job and Family Services Fund - Original revenues column Intergovernmental was understated by \$24,500 and Charges for Services was understated \$135,000
- Hardin County Developmental Disabilities Fund - Original revenues column Charges for Services was overstated \$25,000.

Financial reporting errors impact the users' understanding of the financial statements.

The County should implement procedures and/or controls to ensure subsequent Governmental Accounting Standards Board (GASB) Statements are implemented in the financial statements and notes to the financial statements. Also, governmental accounting resources such as those found on the Auditor of State website at: an [Reference Materials \(ohioauditor.gov\)](http://ohioauditor.gov) should be utilized when preparing the annual financial statements.

OFFICIALS' RESPONSE:

The County compiled and formally submitted our fiscal report for 2020 on January 24, 2021. My team rushed thru the process so the State Auditor's office could continue to work on our audit that they had started in November. I did not take the adequate time to review the whole document. With GASB 84 starting we made some assumptions that were not correct in the initial report. We submitted changes to the State Auditors in mid-April and they did agree with some of them. I have made corrections to fiscal year 2021 financial reports and have submitted them for the State Auditor's review.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

MICHAEL T. BACON

HARDIN COUNTY AUDITOR

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HARDIN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	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 2020-001

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HARDIN COUNTY
CORRECTIVE ACTION PLAN
 2 CFR § 200.511(c)
 DECEMBER 31, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	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.	N/A	N/A
2020-002	I have made corrections to fiscal year 2021 financial reports and have submitted them for the State Auditor's review.	12/2021	Michael T. Bacon

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OHIO AUDITOR OF STATE KEITH FABER



HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/20/2022

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

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