



Dave Yost • Auditor of State

**FINANCIAL CONDITION
HARDIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying 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, Ohio (the County), as of and for the year ended December 31, 2015, 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 statement of components units, HARCO Industries, Inc. which represents 33 and 15 percent, respectively, and Hardin County Housing Development, Inc. which represents 14 and 5 percent, respectively, of the assets/net position and receipts of the component unit column. Those statements, which were prepared in accordance with accounting principles generally accepted in the United States of America, were audited by another auditor whose report has been furnished to us. We have applied audit procedures on the adjustments to the financial statements of those component units, which conform those financial statements to the cash accounting basis. Our opinion, insofar as it relates to the amounts included for these component units, prior to the adjustments, is based solely on the reports of the other auditor. We 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. The other auditors audited the financial statements of HARCO Industries, Inc. in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards*.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Hardin County, Ohio, as of December 31, 2015, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental 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 September 26, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 26, 2016

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**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
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, 2015, within the limitations of the County's modified cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 11.

Financial Highlights

Key financial highlights for 2015 are as follows:

Overall:

- Total net position increased \$1,813,413 with Governmental Activities increasing by \$1,955,341 and Business-Type Activities decreasing by \$141,928.
- Total cash receipts were \$32,137,066 in 2015. Total cash disbursements were \$30,323,653 in 2015.

Governmental Activities:

- Total program cash receipts were \$16,972,319 in 2015, while program cash disbursements were \$25,602,999.
- Public Works and Human Services related programs had the largest cash disbursements totaling \$15,572,262 in 2015.

Business-Type Activities:

Program cash receipts were \$4,563,657 for Business Activities, while corresponding cash disbursements were \$4,719,654. Hardin Hills decrease in Net Position of \$144,658 was the main reason for the decreased in the business-type activities.

Using this Basic Financial Report

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED**

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 2015?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net position* and changes in that position. This change in net position is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

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

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)

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 2015 compared to the prior year:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Assets:						
Equity in Pooled Cash & Cash Equivalents	\$16,663,133	\$14,805,098	\$1,305,168	\$1,447,096	\$17,968,301	\$16,252,194
Cash & Cash Equivalents Segregated Accounts	30,530	30,348			30,530	30,348
Cash With Fiscal Agent	808,497	711,373			808,497	711,373
Total Assets	17,502,160	15,546,819	1,305,168	1,447,096	18,807,328	16,993,915
Net Position:						
Restricted	12,672,516	11,771,810			12,672,516	11,771,810
Unrestricted	4,829,644	3,775,009	1,305,168	1,447,096	6,134,812	5,222,105
Total Net Position	\$17,502,160	\$15,546,819	\$1,305,168	\$1,447,096	\$18,807,328	\$16,993,915

Total assets increased by \$1,813,413 with governmental assets increasing by \$1,955,341 and Business-Type Assets decreasing by \$141,928.

Table 2 shows the changes in cash net position for year 2015:

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		2015	2014
	2015	2014	2015	2014	Total	Total
Cash Receipts:						
Program Cash Receipts:						
Charges for Services	\$4,870,055	\$4,501,419	\$4,563,657	\$4,724,530	\$9,433,712	\$9,225,949
Operating Grants and Contributions	11,349,246	10,435,752			11,349,246	10,435,752
Capital Grants and Contributions	753,018	1,730,813			753,018	1,730,813
Total Program Cash Receipts	16,972,319	16,667,984	4,563,657	4,724,530	21,535,976	21,392,514

(Continued)

HARDIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Business-Type Activities		2015	2014
	2015	2014	2015	2014	Total	Total
General Cash Receipts and Transfers:						
Property Taxes:						
General Purpose	1,681,700	1,297,674			1,681,700	1,297,674
911-Public Safety	283,756	280,633			283,756	280,633
Developmental Disabilities	2,032,264	2,009,333			2,032,264	2,009,333
Sheriff Levy	417,151	412,597			417,151	412,597
Sales Taxes	4,360,596	4,049,044			4,360,596	4,049,044
Proceeds of Notes	40,700				40,700	
Grants and Entitlements Not Restricted	1,159,604	1,137,244			1,159,604	1,137,244
Interest	183,603	115,986			183,603	115,986
Proceeds from the Sale of Assets	12,194	264,583			12,194	264,583
Miscellaneous	415,453	564,002	13,069	17,820	428,522	581,822
Transfers/Advances (Net)	(1,000)		1,000			
Total General Cash Receipts and Transfers	10,586,021	10,131,096	14,069	17,820	10,600,090	10,148,916
Total Cash Receipt and Transfers	27,558,340	26,799,080	4,577,726	4,742,350	32,136,066	31,541,430
Cash Disbursements:						
Program Cash Disbursements:						
General Government:						
Legislative and Executive	3,817,307	3,514,560			3,817,307	3,514,560
Judicial	2,183,702	2,195,980			2,183,702	2,195,980
Public Safety	3,202,831	3,536,408			3,202,831	3,536,408
Public Works	6,567,615	7,986,893			6,567,615	7,986,893
Health	145,915	339,161			145,915	339,161
Human Services	9,004,647	8,201,752			9,004,647	8,201,752
Conservation and Recreation	79,737	88,808			79,737	88,808
Economic Development	514,723	844,089			514,723	844,089
Debt Service:						
Principal Retirement	71,188	145,448			71,188	145,448
Interest and Fiscal Charges	15,334	21,178			15,334	21,178
Proprietary Funds			4,719,654	4,703,008	4,719,654	4,703,008
Total Cash Disbursements	25,602,999	26,874,277	4,719,654	4,703,008	30,322,653	31,577,285
Net Increase (Decrease) in Net Cash Position	1,955,341	(75,197)	(141,928)	39,342	1,813,413	(35,855)
Net Cash Position at Beginning of Year	15,546,819	15,622,016	1,447,096	1,407,754	16,993,915	17,029,770
Net Cash Position at End of Year	\$17,502,160	\$15,546,819	\$1,305,168	\$1,447,096	\$18,807,328	\$16,993,915

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall monies generated by a voted levy do not increase solely as a result of inflation. Thus, the County's dependence upon property taxes is hampered by a lack of tax growth and must return to voters to maintain a constant level of service. Property taxes and sales taxes made up 16 percent and 16 percent, respectively, of cash receipts for governmental activities for the County in fiscal year 2015. Operating grants and contributions made up 41 percent of cash receipts for governmental activities for the County.

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted state entitlements. The dependence upon tax receipts and intergovernmental monies for governmental activities is apparent. Seventy-eight percent of human services activities are supported through charges for services, operating grants and contributions; and capital grants and contributions. General cash receipts provide approximately 41 percent of the support for the total governmental cash disbursements as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for the County. Table 3 below shows the total and net cost of services (on a modified 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	
	2015	2014	2015	2014
Cash Disbursements:				
Program Cash Disbursements:				
Legislative and Executive	\$3,817,307	\$3,514,560	\$2,818,099	\$2,549,540
Judicial	2,183,702	2,195,980	588,353	773,088
Public Safety	3,202,831	3,536,408	2,654,957	3,009,050
Public Works	6,567,615	7,986,893	357,434	1,362,528
Health	145,915	339,161	-72,545	123,488
Human Services	9,004,647	8,201,752	1,987,522	2,124,201
Conservation and Recreation	79,737	88,808	78,337	84,496
Economic Development	514,723	844,089	132,001	13,276
Debt Service:				
Principal Retirement	71,188	145,448	71,188	145,448
Interest and Fiscal Charges	15,334	21,178	15,334	21,178
Total Cash Disbursements – Governmental	<u>25,602,999</u>	<u>26,874,277</u>	<u>8,630,680</u>	<u>10,206,293</u>
Business-Type Activities				
Proprietary Funds	<u>\$4,719,654</u>	<u>\$4,703,008</u>	<u>\$155,997</u>	<u>(\$21,522)</u>

The County's Funds

Financial statement information about the County's major funds starts on page 14. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$28,474,299 and cash disbursements and other financing uses of \$26,518,958. The net change in the general fund balance for the year increased \$1,054,635 where the cash balance went from \$3,845,863 in 2014 to \$4,900,498 for 2015. The Pike Repair, Job and Family Service and Hardin County Board of Developmentally Disabilities Funds had increases (decreases) in net position of \$(198,535), \$187,265, and \$(42,099), respectively.

All enterprise funds had total operating cash receipts and transfers in of \$4,577,726 and operating cash disbursements of \$4,719,654 resulting in a decrease in net position of \$141,928.

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.

HARDIN COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
UNAUDITED
(Continued)**

For the general fund, final actual cash basis receipts and other financing sources were \$8,608,811; final budget estimates were \$7,400,000. Of this \$1,208,811 positive variance, an increase in sales taxes of \$660,596 was the largest operating variance.

Total actual disbursements and other financing uses on the budget basis (cash outlays and encumbrances) were \$7,676,698, which is \$703,442 less than the final appropriations which excludes advances which are not appropriated.

Capital Assets and Debt Administration

Capital Assets

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

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds and loans. At December 31, 2015 the County had \$421,555 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**

	2015	2014
General Obligation/Special Assessment Bonds	\$301,700	\$322,599
OPWC Loan	119,855	129,445
Totals	<u>\$421,555</u>	<u>\$452,044</u>

Current Financial Related Activities

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

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

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.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015**

	Primary Government			Component Unit Totals
	Governmental Activities	Business - Type Activities	Total	
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$16,663,133	\$1,305,168	\$17,968,301	
Cash and Cash Equivalents in Segregated Accounts	30,530		\$30,530	\$242,940
Cash and Cash Equivalents with Fiscal Agent	808,497		\$808,497	
Total Assets	<u>\$17,502,160</u>	<u>\$1,305,168</u>	<u>\$18,807,328</u>	<u>\$242,940</u>
Net Position:				
Restricted for:				
Debt Service	21,550		21,550	
Capital Projects	967,085		967,085	
Other Purposes	11,683,881		11,683,881	
Unrestricted	4,829,644	1,305,168	6,134,812	242,940
Total Net Position	<u>\$17,502,160</u>	<u>\$1,305,168</u>	<u>\$18,807,328</u>	<u>\$242,940</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
General Government:				
Legislative and Executive	\$3,817,307	\$969,092	\$30,116	
Judicial	2,183,702	847,486	747,863	
Public Safety	3,202,831	268,973	278,901	
Public Works	6,567,615	2,044,079	3,795,806	\$370,296
Health	145,915	123,460	95,000	
Human Services	9,004,647	616,965	6,400,160	
Conservation and Recreation	79,737		1,400	
Economic Development	514,723			382,722
Debt Service:				
Principal Retirement	71,188			
Interest and Fiscal Charges	15,334			
Total Governmental Activities	<u>25,602,999</u>	<u>4,870,055</u>	<u>11,349,246</u>	<u>753,018</u>
Business Type Activities:				
Hardin Hills	4,107,253	3,949,526		
Waste Transfer Station	554,706	566,620		
Sewers	57,695	47,511		
Total Business Type Activities	<u>4,719,654</u>	<u>4,563,657</u>		
Total Primary Government	<u>30,322,653</u>	<u>9,433,712</u>	<u>11,349,246</u>	<u>753,018</u>
Component Units:				
Airport	626,852	90,762	519,033	
Harco Industries	99,825	103,377		12,773
Hardin Housing	37,721	40,395		
Total Component Units	<u>\$764,398</u>	<u>\$234,534</u>	<u>\$519,033</u>	<u>\$12,773</u>

General Cash Receipts and Transfers

Property Taxes Levied for:

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

Changes in Net Cash Position

Net Cash Position Beginning of Year

Net Cash Position End of Year

See Accompanying Notes to the Basic Financial Statements.

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

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Units
(\$2,818,099)		(\$2,818,099)	
(\$588,353)		(588,353)	
(2,654,957)		(2,654,957)	
(357,434)		(357,434)	
72,545		72,545	
(1,987,522)		(1,987,522)	
(78,337)		(78,337)	
(132,001)		(132,001)	
(71,188)		(71,188)	
(15,334)		(15,334)	
<u>(8,630,680)</u>		<u>(8,630,680)</u>	
	(\$157,727)	(157,727)	
	11,914	11,914	
	(10,184)	(10,184)	
	<u>(155,997)</u>	<u>(155,997)</u>	
<u>(\$8,630,680)</u>	<u>(155,997)</u>	<u>(8,786,677)</u>	
			(\$17,057)
			16,325
			2,674
			<u>1,942</u>
1,681,700		1,681,700	
283,756		283,756	
2,032,264		2,032,264	
417,151		417,151	
4,360,596		4,360,596	
12,194		12,194	
40,700		40,700	
1,159,604		1,159,604	
183,603		183,603	306
	1,000		
(1,000)			
<u>415,453</u>	<u>13,069</u>	<u>428,522</u>	
10,586,021	14,069	10,600,090	306
1,955,341	(141,928)	1,813,413	2,248
<u>15,546,819</u>	<u>1,447,096</u>	<u>16,993,915</u>	<u>240,692</u>
<u>\$17,502,160</u>	<u>\$1,305,168</u>	<u>\$18,807,328</u>	<u>\$242,940</u>

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
December 31, 2015**

	<u>General</u>	<u>Pike Repair Fund</u>	<u>Job and Family Services Fund</u>	<u>HCBD Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$4,900,498	\$1,179,885	\$325,992	\$3,572,681	\$6,684,077	\$16,663,133
Cash and Cash Equivalents in Segregated Accounts				30,530		30,530
Cash with Fiscal Agent				808,497		808,497
Total Cash Assets	<u>4,900,498</u>	<u>1,179,885</u>	<u>325,992</u>	<u>4,411,708</u>	<u>6,684,077</u>	<u>17,502,160</u>
Fund Balances						
Non-spendable	59,854					59,854
Committed	11,000				662,337	673,337
Restricted		1,179,885	325,992	4,411,708	6,021,740	11,939,325
Assigned	425,227					425,227
Unassigned	4,404,417					4,404,417
Total Cash Fund Balances	<u>\$4,900,498</u>	<u>\$1,179,885</u>	<u>\$325,992</u>	<u>\$4,411,708</u>	<u>\$6,684,077</u>	<u>\$17,502,160</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Pike Repair Fund	Job and Family Services	HCBDD Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Property Taxes	\$1,681,700			\$2,032,264	\$700,907	\$4,414,871
Intergovernmental	1,159,604	\$3,792,666	\$2,726,327	2,549,317	3,033,954	13,261,868
Investment Income	180,667	968			1,968	183,603
Licenses and Permits	1,622				160,575	162,197
Fines and Forfeitures	15,550	27,382			334,879	377,811
Special Assessments					1,143,298	1,143,298
Charges for Services	1,246,774	636,229	174,798	111,477	1,017,471	3,186,749
Sales Tax	4,360,596					4,360,596
Miscellaneous	128,433	95,691	40,748	1,308	149,273	415,453
Total Receipts	<u>8,774,946</u>	<u>4,552,936</u>	<u>2,941,873</u>	<u>4,694,366</u>	<u>6,542,325</u>	<u>27,506,446</u>
Cash Disbursements:						
Current:						
General Government:						
Legislative and Executive	3,163,752				653,555	3,817,307
Judicial	1,362,173				821,529	2,183,702
Public Safety	2,146,995				1,055,836	3,202,831
Public Works	29,140	4,748,450			1,790,025	6,567,615
Health					145,915	145,915
Human Services	222,552		2,754,608	4,736,465	1,291,022	9,004,647
Conservation and Recreation	56,671				23,066	79,737
Economic Development and Assistance					514,723	514,723
Debt Service:						
Principal Retirement					71,188	71,188
Interest and Fiscal Charges					15,334	15,334
Total Disbursements	<u>6,981,283</u>	<u>4,748,450</u>	<u>2,754,608</u>	<u>4,736,465</u>	<u>6,382,193</u>	<u>25,602,999</u>
Cash Receipts Over (Under) Cash Disbursements	<u>1,793,663</u>	<u>(195,514)</u>	<u>187,265</u>	<u>(42,099)</u>	<u>160,132</u>	<u>1,903,447</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	2,787	6,567			2,840	12,194
Proceeds of Notes					40,700	40,700
Advances In	13,759				34,987	48,746
Advances Out	(13,271)				(35,475)	(48,746)
Transfers In					866,213	866,213
Transfers Out	(742,303)	(9,588)			(115,322)	(867,213)
Total Other Financing Sources (Uses)	<u>(739,028)</u>	<u>(3,021)</u>			<u>793,943</u>	<u>51,894</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	1,054,635	(198,535)	187,265	(42,099)	954,075	1,955,341
Fund Balances - Beginning of Year	<u>3,845,863</u>	<u>1,378,420</u>	<u>138,727</u>	<u>4,453,807</u>	<u>5,730,002</u>	<u>15,546,819</u>
Fund Balances - End of Year	<u>\$4,900,498</u>	<u>\$1,179,885</u>	<u>\$325,992</u>	<u>\$4,411,708</u>	<u>\$6,684,077</u>	<u>\$17,502,160</u>

See accompanying notes to the basic financial statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS
ENTERPRISE FUNDS
DECEMBER 31, 2015**

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Cash Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,169,573</u>	<u>\$135,595</u>	<u>\$1,305,168</u>
Net Position:			
Unrestricted	<u>\$1,169,573</u>	<u>\$135,595</u>	<u>\$1,305,168</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND NET POSITION-CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Hardin Hills</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Cash Receipts:			
Charges for Services	\$3,949,526	\$614,131	\$4,563,657
Other Operating Receipts	13,069		13,069
Total Operating Cash Receipts	<u>3,962,595</u>	<u>614,131</u>	<u>4,576,726</u>
Operating Cash Disbursements:			
Personal Services	2,171,561	115,844	2,287,405
Fringe Benefits	675,126	52,258	727,384
Contractual Services	204,491	175,399	379,890
Materials and Supplies	428,615	40,033	468,648
Other Operating Expenses	578,689	228,651	807,340
Capital Outlay	48,771	216	48,987
Total Operating Cash Disbursements	<u>4,107,253</u>	<u>612,401</u>	<u>4,719,654</u>
Operating Income (Loss)	(144,658)	1,730	(142,928)
Transfer In		1,000	1,000
Changes in Net Position	<u>(144,658)</u>	<u>2,730</u>	<u>(141,928)</u>
Net Position - Beginning of Year	<u>1,314,231</u>	<u>132,865</u>	<u>1,447,096</u>
Net Position - End of Year	<u>\$1,169,573</u>	<u>\$135,595</u>	<u>\$1,305,168</u>

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2015**

	Private Purpose Trust	Agency
Cash Assets:		
Equity in Pooled Cash and Cash Equivalents	\$292,124	\$3,115,351
Cash and Cash Equivalents in Segregated Accounts		191,113
Total Cash Assets	292,124	3,306,464
Net Position:		
Retricted: Spendable	105,843	
Non-Spendable	186,281	
Undistributed Assets		3,306,464
Total Net Position	\$292,124	\$3,306,464

See Accompanying Notes to the Basic Financial Statements.

**FINANCIAL CONDITION
HARDIN COUNTY**

**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Private Purpose Trust</u>
Cash Additions:	
Contributions	\$28,653
Investment Income	1,953
Total Cash Additions	<u>30,606</u>
Cash Deductions:	
Payments in Accordance with Trust Agreements	<u>15,386</u>
Total Cash Deductions	<u>15,386</u>
Change in Net Position	15,220
Net Position - Beginning of Year	<u>276,904</u>
Net Position - End of Year	<u><u>\$292,124</u></u>

See Accompanying Notes to the Basic Financial Statements.

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**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. DESCRIPTION OF THE REPORTING ENTITY

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

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

A. Component Units

HARCO Industries, Inc.

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

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

Complete financial statements can be obtained from Jason Seggerson, CEO of HARCO Industries, Inc., 705 Ida Street, Kenton, Ohio 43326.

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

Hardin County Housing Development, Inc.

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

Hardin County Airport Authority

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

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

B. Jointly Governed Organizations

West Central Ohio Network

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

Hardin Regional Planning Commission:

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

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

Workforce Investment Act

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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

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

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

Hardin County Family and Children First Council

The Hardin County Family and Children First Council (FCFC) provide services to multi-need youth in the County. Members of the council include the Hardin County Board of Developmental Disabilities, Mental Health Board, Hardin County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Head Start, Kenton-Hardin County Board of Health, Kenton City Schools, Hardin County Human Services, Hardin County Educational Service Center and the Ohio Department of Youth Services. The operation of the council is controlled by an advisory committee, which consists of a representative from each agency. Funding comes mainly from the State of Ohio. Financial information can be obtained from Michael T. Bacon, Hardin County Auditor, One Courthouse Square, Suite 250, Kenton, Ohio 43326-2398.

Logan County Juvenile Detention Center

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

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

C. Joint Ventures:

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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

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

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

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

Marion Hardin Correctional Center

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

The Center is governed by a Joint County Corrections Commission. The Commission shall be a board composed of the following representatives: the President of the Board of County Commissioners, the Sheriff, and the Presiding Judge of the Court of Common Pleas or his designee from each member county. The Commission shall have an executive committee, construction committee, and operations committee who shall be responsible for the planning, construction, and day to day operating activities of the facility.

The Commission has no outstanding debt as of December 31, 2015. Financial information can be obtained from the Marion County Auditor, Joan M. Kasotis, 222 West Center Street, Marion, Ohio 43302.

D. Risk Pools

County Risk Sharing Authority, Inc. (CORSA)

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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

County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

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

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

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

County Employee Benefit Consortium of Ohio, Inc.

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

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

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

E. Related Organizations

Mary Lou Johnson Hardin County Public Library

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

Financial information can be obtained from Shirley Barrett, 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 Michael T. Bacon, Hardin County Auditor, One Courthouse Square, Kenton, Ohio 43326-2398.

F. Potential Component Units

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

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

Kenton-Hardin County General Health District

The eight member Board of Health is appointed by the District Advisory Council, which is comprised of Township Trustee Chairmen, Clerks and Mayors of participating municipalities. The Board adopts its own budget and operates autonomously from the County. Financial information can be obtained from Michael T. Bacon, Hardin County Auditor, One Courthouse Square, Suite 250, Kenton, Ohio 43326-2398.

Soil and Water Conservation District

The five members of the District are independently elected officials. They adopt their own budget and control their separate operations.

Other Districts

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting

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

B. Basis of Presentation

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

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Fund Accounting

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

4. Governmental Funds

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

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

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

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

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

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

5. Proprietary Funds

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

6. Fiduciary Funds

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

7. Component Units

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

C. Cash, Cash Equivalents, and Investments

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

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

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

During 2015, investments were limited to STAR Ohio, Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgages, Federal National Mortgages, and Certificates of Deposit. The County records all its investments at cost.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015.

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 2015 amounted to \$180,667, which includes \$146,040 assigned from other County funds. For 2015, total interest receipts amounted to \$185,556 in which \$180,667 was recorded in the General Fund; \$968 was recorded in Pike Repair Fund; \$1,968 was recorded in other non-major Governmental Funds; and \$1,953 was recorded in the Private Purpose Trust Funds.

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

D. Capital Assets and Depreciation

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

E. Compensated Absences

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

F. Employer Contributions to Cost-Sharing Pension Plans

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

G. Interfund Receivables/Payables

The County reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

H. Health Care

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues

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

The County's Department of Job and Family Services (JFS) distributes federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal "grants"; however, the JFS merely acts in an intermediary capacity. Therefore, the activity and inventory value of the stamps is not reflected in the accompanying financial statements. The County's JFS distributed approximately \$4,607,846 of federal food stamps during 2015.

J. Long-Term Obligations

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

K. Fund Balance

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

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

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

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

L. Net Cash Position

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

M. Interfund Transactions

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

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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.

3. ACCOUNTABILITY AND COMPLIANCE

Accountability and Compliance

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

4. DEPOSITS AND INVESTMENTS

Monies held by the County are classified by State statute 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.

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies could be deposited or invested with certain limitations in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

4. Bond and other obligations of the State of Ohio or its political sub-divisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities described in division (1) or (2) or cash, or both cash and securities, equal value for equal value;
9. High grade commercial paper and bankers acceptances in an amount not to exceed up to twenty five percent of the County's total portfolio and corporate notes not to exceed up to fifteen percent of the County's total average portfolio; and

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

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$13,854,017 of the County's bank balance of \$14,824,860 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

B. Investments

As of December 31, 2015, the County's investments were as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Investment Maturities (in Years)</u>			<u>Fair Value</u>	<u>More than 5</u>
		<u>Less than 1</u>	<u>1-2</u>	<u>3-5</u>		
Federal Farm Credit Bank Note	\$999,162	\$999,162				
Federal Home Loan Bank Notes	1,997,873	998,373		\$999,500		
Federal Home Loan Mortgages	2,000,000			2,000,000		
Federal National Mortgages	999,450			999,450		
STAR Ohio	955,076	955,076				
Total	\$6,951,561	\$2,952,611		\$0	\$3,998,950	\$0

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

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

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

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

The County places no limit on the amount it may invest in any one issuer. As of December 31, 2015, the County's investments were allocated at follows:

<u>Description</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal Farm Credit Bank Note	\$999,162	14.37%
Federal Home Loan Bank Notes	1,997,873	28.74%
Federal Home Loan Mortgages	2,000,000	28.77%
Federal National Mortgages	999,450	14.38%
STAR Ohio	955,076	13.74%
Total	\$6,951,561	100.00%

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35 percent of appraised market value. Public utility real property is assessed at 35 percent of true value and public utility personal property is currently assessed at varying percentages of true value. The County Auditor reappraises all real property every six years and in between with a triennial update. The last reappraisal was completed in 2011 for taxes payable in 2012.

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2015, was \$12.00 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$12.00 per \$1,000 of assessed valuation for all other real property. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$8.30 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$11.60 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

The assessed value upon which the 2015 taxes were collected was \$688,410,720.

Real Property – 2015 Valuation:

Residential – 2014 Valuation	\$336,998,380
Agricultural – 2014 Valuation	265,448,620
Commercial	37,998,400
Industrial	20,554,330
Public Utilities	407,240

Personal Property – 2014 Valuation

Public Utilities	27,003,750
Total Valuation	<u>\$688,410,720</u>

Real property taxes for tax year 2015 are payable annually or semi-annually. If paid annually, payment is due February 12, 2015. If paid semi-annually, the first payment is due February 12, 2015 with the remainder payable by July 9, 2015. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

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

6. PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution have imposed a one percent and one half percent tax on retail sales made in the County effective January 1, 2005. Vendor collections of the tax are paid to the State Treasury by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's Certification must be made within forty-five days after the end of the month. The State then has five days in which to draw the warrant payable to the County. Sales and use tax revenue for 2015 amounted to \$4,360,596 and is recorded in the General Fund.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. SHORT TERM DEBT

There is no new short-term debt in 2015.

8. LEASE-PURCHASE AGREEMENTS

In May 2015, the County entered into a lease-purchase financing agreement with Ford Motor Credit Company to finance the acquisition of five sheriff cruisers at a cost of \$110,005 at 6.00% interest. The Lease requires the County to make payments of principal and interest each May 22 beginning May 22, 2015 and ending May 22, 2017. The County special Sheriff Levy Fund will be used to pay the principal and interest portions of the lease.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of December 31, 2015:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$34,554	\$4,271	\$38,825
2017	36,627	2,198	38,825
Total	<u>\$71,181</u>	<u>\$6,469</u>	<u>\$77,650</u>

9. LONG TERM DEBT

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

A. The County's long term debt transactions for the year ended December 31, 2015, are summarized below:

	<u>Debt Principal Outstanding 01/01/14</u>	<u>Debt Principal Issued</u>	<u>Debt Principal Retired</u>	<u>Debt Principal Outstanding 12/31/15</u>
Special Assessment Bonds with Government Commitment	\$322,599	\$40,700	\$61,599	\$301,700
OPWC Loans	129,445		9,590	119,855
Total	<u>\$452,044</u>	<u>\$40,700</u>	<u>\$71,189</u>	<u>\$421,555</u>

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 2009 a Special Assessment taxable bonds was issued for the purpose of reimbursing the cost of construction improvements to a landfill slurry wall in the amount of \$500,000. The \$500,000 Landfill Slurry Wall bonds are scheduled for repayment over a ten year period that began in April 2010.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

9. LONG TERM DEBT (Continued)

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

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

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

In 2015, the County issued Special Assessment taxable bonds. There 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.

The following are descriptions of the bonds and loans that existed in 2015 and were outstanding as of December 31, 2015:

Description	Issue Date	Issue Rate %	Original Amount	2015 Amount	Outstanding Amount	Maturity Date
Special Assessment Bonds:						
Landfill Slurry Wall	2009	4.99%	\$500,000	\$50,699	\$229,600	2019
Marquart Ditch	2010	5.50%	3,300	500		2015
Taylor Creek	2011	5.50%	17,800	1,800	6,800	2019
Dulin Ditch	2013	4.60%	10,700	1,100	2,100	2018
Moore Ditch	2013	2.34%	40,000	7,500	22,500	2018
Steinle Ditch	2015	2.25%	22,100		22,100	2020
McClaren Tri Ditch	2015	3.00%	12,300		12,300	2020
Jones Ditch	2015	3.00%	6,300		6,300	2020
Total Special Assessment Bonds				61,599	301,700	
Loans:						
OPWC Loan	2008	0.00%	191,768	9,589	119,855	2028
Total Loans				\$9,589	\$119,855	

The annual requirements to amortize all long-term bonded debt and loans outstanding as of December 31, 2015, including interest payments of \$40,533 are as follows:

	Special Assessment Bonds With Government Commitment		OWPC Bridge Loans
	Principal	Interest	Principal
2016	\$80,900	\$13,644	\$9,588
2017	72,250	10,062	9,588
2018	75,150	6,813	9,588
2019	68,350	3,419	9,588
2020	5,050	126	9,588
2021-2025			47,942
2026-2028			23,973
Total	\$301,700	\$34,064	\$119,855

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

9. LONG TERM DEBT (Continued)

On March 6, 2014, the County advanced \$200,000 from the General Fund to the Dog & Kennel Fund for the purpose of constructing a new building for the dog pound. On November 20, 2014, \$120,000 was advanced back to the General fund from the Dog & Kennel fund. On May 12, 2015, the County Commissioners approved the remaining \$80,000 plus 2% interest to be repaid by the Dog & Kennel fund with annual payments made each February until the advance is repaid. The annual requirements to repay the advance balance of \$80,000 outstanding as of December 31, 2015, including interest payments of \$5,100 are as follows:

Dog & Kennel Fund Advance Repayment Schedule		
	<u>Advance Payment</u>	<u>Interest</u>
2016	\$15,000	\$1,600
2017	15,000	1,300
2018	15,000	1,000
2019	15,000	700
2020	15,000	400
2021	5,000	100
Total	<u>\$80,000</u>	<u>\$5,100</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 un-voted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

The effects of the debt limitations described above at December 31, 2015 are an overall debt margin of \$5,599,995 and an un-voted debt margin of \$68,841.

10. DEFINED BENEFIT PENSION PLAN

A. Net Pension Liability

For 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68 were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability is disclosed below.

The net pension liability represents a liability to employees for pensions. 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees 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 pension 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 (614) 222-5601 or 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).

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

Group A	Group B	Group C
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
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Public Safety	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 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 years	Public Safety and Law Enforcement Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Public Safety and Law Enforcement Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

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

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

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

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0 %	2.0 %	2.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$1,411,803 for 2015.

Net Pension Liability

The net pension liability for OPERS was measured as of December 31, 2014, 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.

Proportionate Share of the Net Pension Liability	\$15,648,720
Proportion of the Net Pension Liability	0.090344%

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 provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05, including wage inflation 3 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	individual entry age

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major 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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan, and the VEBA Trust. 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 money-weighted rate of return, net of investment expenses, for the Defined Benefit portfolio was 6.95 percent for 2014.

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 table below displays the board approved asset allocation policy for 2014 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	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.28 %

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 8 percent. 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 statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the County’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 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 (7 percent) or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County’s Proportionate Share of the Net Pension Liability	\$24,837,300	\$15,648,720	\$7,788,600

B. State Teachers Retirement Systems

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

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 DD’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.

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

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

Plan Description – State Teachers Retirement System (STRS)

Plan Description – County licensed teachers and other 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 stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

New members who choose the DC plan or Combined Plan 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 Combined Plan 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 68 reporting purposes.

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

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Through June 30, 2015, the County was required to contribute 14 percent, the entire 14 percent was used to fund pension obligations. Plan members were required to contribute 12 percent of their annual covered salaries. The statutory employer rate for fiscal year 2016 and subsequent years is 14 percent. The statutory member contribution rate increased to 13 percent on July 1, 2015, and will increase to 14 percent on July 1, 2016. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The 2015 contribution rates were equal to the statutory maximum rates. The County's required contribution for pension obligations for fiscal year 2015 was \$55,832.

Net Pension Liability Portion

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Hardin County Board of DD's proportion of the net pension liability was based on the Hardin County Board of DD's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

Proportionate Share of the Net Pension Liability	\$1,001,465
Proportion of the Net Pension Liability	0.0036236%

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2.00 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA paid on fifth anniversary of retirement.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the Hardin County Board of DD's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Hardin County Board of DD's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Hardin County Board of DD's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County's Proportionate Share of the Net Pension Liability	\$1,391,111	\$1,001,465	\$671,962

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

10. DEFINED BENEFIT PENSION PLAN (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2015, none have elected Social Security.

11. POST-EMPLOYMENT BENEFITS

A. 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 two cost-sharing multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional and combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS CAFR for details.

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

OPERS issues a stand-alone report. Interested parties may obtain a copy 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 (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed 14 percent of earnable salary and Public Safety and Law Enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do fund health care.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

OPER maintains three health care trusts. The two cost sharing, multiple-employer trusts, the 401 (h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the of the employer contribution rate that will be set aside to fund health care plans. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent during calendar year 2015. As recommended by the OPERS' actuary, the portion of the employer contributions allocated to health care beginning January 1, 2016 remained at 2 percent for both plans.

The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

The County's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2015, 2014, and 2013 was \$235,300, \$231,872, and \$446,386, respectively. The full amount has been contributed for 2015, 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS allocated employer contributions equal to 0 percent of covered payroll to the Health Care Stabilization Fund. The County's contributions for health care for the years 2015, 2014, and 2013 were \$0, \$3,634, and \$3,535, respectively; 100 percent has been contributed for all three years.

12. REVOLVING LOANS

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

Payments made during 2015 and balances outstanding at December 31, 2015 were as follows:

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

12. REVOLVING LOANS (Continued)

<u>Business:</u>	<u>Rate</u>	<u>Maturity Year</u>	<u>Beginning Principal 1/1/2015</u>	<u>Principal Paid 2015</u>	<u>Principal Outstanding 12/31/2015</u>
Plastic Systems	4.75%	2017	\$56,838		\$56,838
Dairy Barn	4.00%	2029	30,596	\$1,530	29,066
Laugh and Learn Day Care	5.00%	2022	46,506	4,841	41,665
Total Principal Paid and Outstanding			<u>\$133,940</u>	<u>\$6,371</u>	<u>\$127,569</u>

13. RISK MANAGEMENT

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

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

General Liability – Each Occurrence	\$1,000,000
Law Enforcement Professional Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions Liability	1,000,000
Ohio Stop Gap Employer’ Liability	1,000,000
Employee Benefits Liability	1,000,000
Cyber Liability	1,000,000
Privacy Response Expenses	250,000
Regulatory Proceedings and Penalties	50,000
Claims Expenses	100,000
Declaratory, Injunctive or Equitable Relief	25,000
Excess Liability	5,000,000
Building and Contents (Include Comprehensive Boiler and Machinery)	85,608,342
Business Income/Extra Expense	1,000,000
Crime	1,000,000
Equipment Breakdown – Service Interruption	100,000,000
Gross Earnings/Extra Expense	2,500,000
Public Officials Liability	1,000,000
Uninsured/Underinsured Motorists	250,000
General Liability/Medical Professional Liability for County Home	2,000,000
Medical Professional Liability	6,000,000
Foster Parents Coverage	500,000
Sewer Lines	500,000
Attorney Disciplinary Proceedings	25,000
Dog Warden Blanket Bond	2,000

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

13. RISK MANAGEMENT (Continued)

Other Coverage:	1,000,000
Extra Expenses – Business Interruption	100,000
EDP Media	1,000,000
Valuable Papers	100,000,000
Flood	100,000,000
Earthquake	100,000,000
Money and Securities	5,000,000
Automatic Acquisition	5,000,000
Property in Transit	100,000
Pollutant Cleanp/Removal	10,000
Service Interruption Property Damage	2,500,000
Unintentional Omissions	250,000

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

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

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE

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

	Airport Authority	HARCO Industries	Hardin Housing	Totals
Program Cash Receipts	\$609,795	\$116,150	\$40,395	\$766,340
General Cash Receipts	149	148	9	306
Program Cash Disbursements	(626,852)	(99,825)	(37,721)	(764,398)
Changes in Net Cash Position	(16,908)	16,473	2,683	2,248
Net Cash Position Beginning Year	147,231	62,756	30,705	240,692
Net Cash Position End of Year	<u>\$130,323</u>	<u>\$79,229</u>	<u>\$33,388</u>	<u>\$242,940</u>

A. Hardin County Airport Authority

Accounting Basis

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

Fund Accounting

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE (Continued)

Deposits and Investments

The Airport maintained all money in a checking account which is valued at cost. The carrying amount of deposits at December 31 was \$130,323. Deposits are insured by the Federal Depository Insurance Corporation.

Property, Plant, and Equipment

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

B. HARCO Industries, Inc.

Accounting Basis

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

Fund Accounting

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

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

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows all cash equivalents under 90 days maturity are included. The carrying value of cash and cash equivalents was \$79,229.

Capital Assets

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

Tax-exempt Status

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

14. INDIVIDUAL COMPONENT UNIT DISCLOSURE (Continued)

C. 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.

Property and Equipment

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

Cash

Cash includes amounts in demand deposits. At year end the carrying amount of bank deposits was \$33,388. Of the bank balance, all was covered by federal depository insurance.

Tax-exempt Status

The Housing Authority is a not-for-profit organization that is exempt from income taxes under Section 5011 (3) of the Internal Revenue Service Code and classified by the Internal Revenue Service as other than a private foundation.

The Housing Authority's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they are filed.

15. RELATED PARTY TRANSACTIONS

During 2015, the County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to HARCO Industries, Inc. (workshop). HARCO Industries, Inc., which is one of the discretely presented component units of the County, reported the value of an In-Kind contribution that was determined in accordance with a formula developed by the Ohio Association of Adult Services. The In-Kind contribution from the Hardin County Board of Developmental Disabilities amounted to \$26,376 (the latest data available).

During 2015, the County provided the staff salaries, transportation, equipment and other funds as necessary to the Hardin County Housing Development, Inc. (HCHD). HCHD recorded operating revenues and expenses at cost or fair market as applicable, to the extent the contribution is related to the operation of the housing. The In-Kind contribution from the Hardin County Board of Developmental Disabilities amounted to \$26,376.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

16. COMMITMENTS

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

Encumbrances as of yearend were:

<u>Fund</u>	<u>Assigned</u>	<u>Restricted</u>	<u>Total</u>
Major Governmental Funds:			
General	\$94,029		\$94,029
Pike Repair		\$164,264	164,264
Job and Family Services		63,942	63,942
Hardin County Board of DD		11,376	11,376
Non-Major Governmental Funds		398,933	398,933
Totals	\$94,029	\$638,515	\$732,544

17. CONTINGENT LIABILITIES

A. Grants

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2015.

B. Litigation

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

C. Landfill

Each year the County engages a consultant to complete a study regarding post closure landfill costs (monitoring and maintenance of the site). This study is subject to review by the Ohio Environmental Protection Agency. Last year's study estimated that \$1,447,596 will be incurred over the remaining 10.5 of the 30 year monitoring period. Actual costs may differ due to inflation, changes in technology, or changes in regulations. The County obtained a promissory note for the face amount of the estimated post closure costs in the event fees or tax revenue would not be sufficient to cover the annual post closure costs. Presently a solid waste transfer station is operating and transfer fees and tax revenues are financing the post closure costs.

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

18. FUND BALANCES

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

Fund Balances	General	Pike Repair Fund	Job and Family Services Fund	HCBD Fund	Non-major Governmental Funds	Total
Non-spendable:						
Unclaimed Monies	\$59,854					\$59,854
Restricted for:						
Road and Bridge Maint.		\$1,179,885				1,179,885
Ditch Maintenance					\$1,456,290	1,456,290
Real Estate Assessment					297,316	297,316
Public Assistance			\$325,992			325,992
Education				\$4,411,708		4,411,708
Capital Improvements					304,748	304,748
Debt Service Payments					21,550	21,550
911 Services					419,025	419,025
Children Services					840,681	840,681
Other Purposes					2,682,130	2,682,130
Total Restricted		1,179,885	325,992	4,411,708	6,021,740	11,939,325
Committed:						
Capital Improvements					662,337	662,337
Underground Storage	11,000					11,000
Total Committed	11,000				662,337	673,337
Assigned To:						
Other Purposes	425,227					425,227
Unassigned	4,404,417					4,404,417
Total Fund Balances	\$4,900,498	\$1,179,885	\$325,992	\$4,411,708	\$6,684,077	\$17,502,160

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, 2015, the current fund balance was \$742,000. There are currently no written rules for how the money will be used other than future projects that may come up.

19. OPERATING TRANSFERS

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

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

19. OPERATING TRANSFERS (Continued)

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General		\$742,303
Pike Repair		9,588
Other Governmental Funds:		
Capital Project Airport Match	\$140,000	
Community Correction Action Grant		10,026
Community Correction & Rehabilitation	10,026	
Emergency Management Agency	23,571	
GIS	67,212	
Juvenile Court – OJJDP	12,189	
Juvenile Court – CSAT	11,156	
Keep Hardin County Beautiful	10,520	
Landfill		64,687
OPWC Debt Retirement	9,588	
Permanent Improvement	500,000	
Slurry Wall Bond Note	64,687	
Specialized Docket		40,609
Youth Services Program	17,264	
Other Business Type Funds:		
Reed Road Sanitary Sewer	1,000	
Totals	<u>\$867,213</u>	<u>\$867,213</u>

20. CONDUIT DEBT

In December 2013, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2013, in the amount of \$49,875,000 for the benefit of Ohio Northern University to rene and retire certain revenue financings. The outstanding debt at December 31, 2015 is \$45,565,000.

In October 2014, the County authorized the issuance of Economic Development Facilities Revenue Refunding Bonds Series 2014, in the amount of \$18,515,000 for the benefit of Ohio Northern University to rene and retire certain revenue financings. The outstanding debt at December 31, 2015 is \$17,890,000.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$1,553,000	\$1,553,000	\$1,681,700	\$128,700
Sales Tax	3,700,000	3,700,000	4,360,596	660,596
Charges for Services	887,000	887,000	1,065,130	178,130
Licenses and Permits	1,500	1,500	1,622	122
Fines and Forfeitures	20,000	20,000	15,550	(4,450)
Intergovernmental	1,091,700	1,091,700	1,159,604	67,904
Earnings of Investments	85,000	85,000	180,667	95,667
Other	56,800	56,800	127,396	70,596
Total Receipts	<u>7,395,000</u>	<u>7,395,000</u>	<u>8,592,265</u>	<u>1,197,265</u>
Disbursements:				
Current:				
General Government:				
Legislative and Executive	3,250,942	3,414,809	3,179,953	234,856
Judicial	1,639,074	1,666,393	1,263,683	402,710
Public Safety	2,128,292	2,170,206	2,150,648	19,558
Public Works	30,043	30,043	29,140	903
Human Services	252,207	262,018	241,029	20,989
Conservation and Recreation	66,671	66,671	56,671	10,000
Total Disbursements	<u>7,367,229</u>	<u>7,610,140</u>	<u>6,921,124</u>	<u>689,016</u>
Excess of Receipts Over (Under) Disbursements	<u>27,771</u>	<u>(215,140)</u>	<u>1,671,141</u>	<u>1,886,281</u>
Other Financing Sources (Uses):				
Sale of Fixed Assets	5,000	5,000	2,787	(2,213)
Advances In			13,759	13,759
Advances Out			(13,271)	(13,271)
Transfer Out	(100,000)	(770,000)	(742,303)	27,697
Total Other Financing Sources (Uses)	<u>(95,000)</u>	<u>(765,000)</u>	<u>(739,028)</u>	<u>25,972</u>
Net Change in Fund Balance	(67,229)	(980,140)	932,113	1,912,253
Fund Balances at Beginning of Year	3,176,898	3,176,898	3,176,898	
Prior Year Encumbrances Appropriated	<u>97,724</u>	<u>97,724</u>	<u>97,724</u>	
Unencumbered Fund Balances End of Year	<u>\$3,207,393</u>	<u>\$2,294,482</u>	<u>\$4,206,735</u>	<u>\$1,912,253</u>

See accompanying notes to the supplementary information.

HARDIN COUNTY

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PIKE REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$4,745,000	\$4,745,000	\$3,792,666	(\$952,334)
Fines and Forfeitures	35,000	35,000	27,382	(7,618)
Investment Income	5,000	5,000	968	(4,032)
Charges for Services	860,944	860,944	636,229	(224,715)
Miscellaneous	220,000	220,000	95,691	(124,309)
<i>Total Receipts</i>	<u>5,865,944</u>	<u>5,865,944</u>	<u>4,552,936</u>	<u>(1,313,008)</u>
Expenditures:				
Current:				
Public Works	5,754,944	5,807,792	4,912,714	895,078
<i>Total Disbursements</i>	<u>5,754,944</u>	<u>5,807,792</u>	<u>4,912,714</u>	<u>895,078</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>111,000</u>	<u>58,152</u>	<u>(359,778)</u>	<u>(417,930)</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	50,000	50,000	6,567	(43,433)
Transfers Out	(150,000)	(130,000)	(9,588)	120,412
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(80,000)</u>	<u>(3,021)</u>	<u>76,979</u>
Net Change in Fund Balance	11,000	(21,848)	(362,799)	(340,951)
<i>Fund Balances at Beginning of Year</i>	1,345,571	1,345,571	1,345,571	
Prior Year Encumbrances Appropriated	32,849	32,849	32,849	
<i>Unencumbered Fund Balances End of Year</i>	<u>\$1,389,420</u>	<u>\$1,356,572</u>	<u>\$1,015,621</u>	<u>(\$340,951)</u>

See accompanying notes to the supplementary information

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
JOB AND FAMILY SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$2,414,801	\$2,814,801	\$2,726,327	(\$88,474)
Charges for Services	125,000	125,000	174,798	49,798
Miscellaneous	20,000	20,000	40,748	20,748
Total Receipts	<u>2,559,801</u>	<u>2,959,801</u>	<u>2,941,873</u>	<u>(17,928)</u>
Disbursements:				
Current:				
Human Services	<u>2,551,180</u>	<u>3,082,232</u>	<u>2,818,550</u>	<u>263,682</u>
Total Disbursements	<u>2,551,180</u>	<u>3,082,232</u>	<u>2,818,550</u>	<u>263,682</u>
Excess of Receipts Over (Under) Disbursements	<u>8,621</u>	<u>(122,431)</u>	<u>123,323</u>	<u>245,754</u>
Net Change in Fund Balance	8,621	(122,431)	123,323	245,754
Fund Balances at Beginning of Year	111,797	111,797	111,797	
Prior Year Encumbrances Appropriated	<u>26,930</u>	<u>26,930</u>	<u>26,930</u>	
Unencumbered Fund Balances End of Year	<u>\$147,348</u>	<u>\$16,296</u>	<u>\$262,050</u>	<u>\$245,754</u>

See accompanying notes to the supplementary information.

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
HCBDD FUND
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Taxes	\$2,010,000	\$2,010,000	\$2,032,264	\$22,264
Intergovernmental	1,777,333	1,777,333	2,057,438	280,105
Charges for Services	67,000	67,000	111,477	44,477
Miscellaneous	1,500	1,500	1,126	(374)
Total Revenue	<u>3,855,833</u>	<u>3,855,833</u>	<u>4,202,305</u>	<u>346,472</u>
Disbursements:				
Current:				
Human Services	<u>4,399,322</u>	<u>4,446,066</u>	<u>4,353,086</u>	<u>92,980</u>
Total Expenditures	<u>4,399,322</u>	<u>4,446,066</u>	<u>4,353,086</u>	<u>92,980</u>
Excess of Receipts Over Disbursements	<u>(543,489)</u>	<u>(590,233)</u>	<u>(150,781)</u>	<u>439,452</u>
Fund Balances at Beginning of Year	3,664,971	3,664,971	3,664,971	
Prior Year Encumbrances Appropriated	<u>47,115</u>	<u>47,115</u>	<u>47,115</u>	
Unencumbered Fund Balances End of Year	<u><u>\$3,168,597</u></u>	<u><u>\$3,121,853</u></u>	<u><u>\$3,561,305</u></u>	<u><u>\$439,452</u></u>

See accompanying notes to the supplementary information.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015**

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

BUDGETARY PROCESS

A. Budget

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

B. Estimated Resources

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

C. Appropriations

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the fall with respective officeholders and department heads.
2. Shortly before the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution that legally authorizes the expenditure of funds for respective officeholders and department heads.
3. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds, which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation levels require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplement appropriations were made during 2015 and were considered routine.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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

D. Encumbrances

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

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

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

F. Budgetary Basis of Accounting

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

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

	Net Changes in Fund Balances			
	General Fund	Pike Repair Fund	Job and Family Service Fund	HCBDD Fund
Budget Basis	\$932,113	(\$362,799)	\$123,323	(\$150,781)
Activity with Fiscal Agent*				97,306
Adjustment for Encumbrances	94,334	164,264	63,942	11,376
Funds Budgeted Elsewhere**	28,188			
Cash Basis	\$1,054,635	(\$198,535)	\$187,265	(\$42,099)

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

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

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

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FINANCIAL CONDITION
HARDIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>(Passed through Ohio Department Job and Family Services)</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-11-5521	\$143,643
Total United States Department of Agriculture			<u>143,643</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>(Passed through Ohio Development Services Agency)</i>			
Community Development Block Grant's / State's Program			
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	B-F-13-1BD-1	201,560
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	B-F-14-1BD-1	51,499
Community Development Block Grants/State's Program and Non-Entitlement Grants	14.228	B-C-14-1BD-1	32,863
Total Community Development Block Grants/State's Program and Non-Entitlement Grants			<u>285,922</u>
Home Investment Partnerships Program	14.239	B-C-14-1BD-2	50,946
Total United States Department of Housing and Urban Development			<u>336,868</u>
U.S. DEPARTMENT OF JUSTICE			
<i>(Direct Program)</i>			
Drug Court Discretionary Grant Program	16.585	2010-DC-BX-0128	51,282
<i>(Passed through Ohio Department of Public Safety)</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-JG-D01-6272	11,048
Total United States Department of Justice			<u>62,330</u>
U.S. DEPARTMENT OF EDUCATION			
<i>(Passed through Ohio Department of Health)</i>			
Special Education - Grants for Infants and Families	84.181	03310031HG0416	1,313
Special Education - Grants for Infants and Families	84.181	03310031HG0315	34,481
Total Special Education - Grants for Infants and Families			<u>35,794</u>
<i>(Passed through Ohio Department of Education)</i>			
Special Education Cluster			
Special Education Grants to States	84.027	03310031HG0214	52,497
Special Education Preschool Grants	84.173	03310031HG0214	20,927
Total Special Educaiton Cluster			<u>73,424</u>
Total United States Department of Education			109,218
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>(Direct Program)</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79T1020938-01	143,994
<i>(Passed through Ohio Department Job and Family Services)</i>			
Temporary Assistance for Needy Families State Programs	93.558	G-1617-11-5521	703,063
Medical Assistance Program	93.778	G-1617-11-5521	638,462
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Medical Assistance Program	93.778		103,561
Total Medical Assistance Program			<u>742,023</u>
<i>(Passed through Ohio Department Job and Family Services)</i>			
Adoption Assistance	93.659	G-1617-11-5521	9,800
Community Based Child Abuse Prevention Grant	93.590	G-1617-11-5521	3,000
Child Care and Development Block Grant	93.575	G-1617-11-5521	32,550
Social Services Block Grant	93.667	G-1617-11-5521	517,932
<i>(Passed through Ohio Department of Developmental Disabilities)</i>			
Social Services Block Grant	93.667		22,203
Total Social Services Block Grant			<u>540,135</u>

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<i>(Passed through Ohio Department of Job and Family Services)</i>			
Promoting Safe and Stable Families	93.556	G-1617-11-5521	57,058
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-11-5521	31,722
Foster Care Title IV-E	93.658	G-1617-11-5521	245,687
Foster Care Title IV-E	93.658	G-1415-06-0207	23,251
Total Foster Care Title IV-E			<u>268,938</u>
Chafee Foster Care Independence Program	93.674	G-1617-11-5521	631
Child Support Enforcement	93.563	G-1415-11-5368	<u>330,344</u>
Total United States Department of Health and Human Services			<u>2,863,258</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>(Passed through Ohio Emergency Management Agency)</i>			
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064	8,200
Emergency Management Performance Grants	97.042	EMW-2015-EP-00034-S01	8,709
Total Emergency Management Performance Grants			<u>16,909</u>
Total United States Department of Homeland Security			<u>16,909</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY			
<i>(Direct Program)</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-00E01427-0	14,315
Total United States Environmental Protection Agency			<u>14,315</u>
Total Federal Awards Expenditures			<u><u>\$3,546,541</u></u>

The accompanying notes are an integral part of this schedule.

**FINANCIAL CONDITION
HARDIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

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

Small Business Revolving Loans	Loan Activity and Balances	Cash Activity and Balances
Beginning Balances January 1, 2015	\$133,940	\$115,072
Loan Principal Repayments / Cash Receipts	(6,371)	10,094
Loan and Grant Disbursements		(17,163)
Ending Balances December 31, 2015	<u>\$127,569</u>	<u>\$108,003</u>

See financial statement note 12 for additional loan activity details.

NOTE D - MATCHING REQUIREMENTS

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

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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*

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

To the Board of County Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 26, 2016, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. Our report refers to the other auditor who audited the financial statements of the component unit Hardin County Housing Development, Inc. as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that those auditor separately reported. Another auditor audited the financial statements of the component unit HARCO Industries, Inc. as described in our report on the County's financial statements. The financial statements of HARCO Industries, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 26, 2016



Dave Yost • Auditor of State

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

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

To the Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Hardin County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect each of the County's major federal programs for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

The County's Management is responsible for complying with 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, 2015.

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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.



Dave Yost
Auditor of State
Columbus, Ohio

September 26, 2016

**FINANCIAL CONDITION
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Temporary Assistance for Needy Families State Programs – CFDA #93.558 Social Services Block Grant – CFDA #93.667 Child Support Enforcement – CFDA #93.563
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2015-001

Noncompliance Citation

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

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

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

OFFICIALS' RESPONSE:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**FINANCIAL CONDITION
HARDIN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	<p>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.</p> <p>First Reported in 2002.</p>	Not corrected	Repeated as Finding 2015-001.
2014-002	<p>CFDA #14.228 – Community Development Block Grant/State’s Program - Procurement and Suspension and Debarment 2 C.F.R. 180.220 - There was no evidence that the County completed the required verification check for contracts that were awarded to identify vendors as suspended or debarred.</p>	Corrective action taken and Finding is fully corrected.	

**FINANCIAL CONDITION
HARDIN COUNTY**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	Please refer to the Official's Response under the Noncompliance Citation Section.	N/A	N/A



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HARDIN COUNTY FINANCIAL CONDITION

HARDIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 10, 2016