HARDIN COUNTY FINANCIAL CONDITION

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000

JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

HARDIN COUNTY FINANCIAL CONDITION
HARDIN COUNTY

TABLE OF CONTENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

Hardin County
One Courthouse Square, Suite 100
Kenton, OH 43326

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Hardin County, (the County) as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the component units, Harco Industries, Inc. which represents 10 percent and 34 percent, respectively, and Hardin County Housing Development, Inc. which represents 78 percent and 28 percent, respectively, of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report has been furnished to us, and in our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for the component units, Harco Industries, Inc. and Hardin County Housing Development, Inc, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the component units Harco Industries, Inc and Hardin County Housing Development, Inc., were not audited, by the other auditors, in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Hardin County, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary fund types, nonexpendable trust funds, and discretely presented component units for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements and in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

June 25, 2001

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HARDIN COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Types	
	General	**Special Revenue**	**Debt Service**	**Capital Projects**	**Enterprise**	**Internal Service**
Assets and Other Debits						
Assets						
Equity in Pooled Cash and Cash Equivalents	$1,602,992	$4,919,848	$137,136	$342,917	$343,475	$158,174
Cash and Cash Equivalents in Segregated Accounts						
Investments						
Receivables:						
Taxes	356,666					
Accounts	25,782	62,834			198,466	1,630
Special Assessments						
Accrued Interest	88,319					
Due from Other Governments	84,398	229,116				
Due from Agency Funds-Taxes	1,132,843	1,868,006				
Due from Agency Funds-Special Assessments		533,634	155,538		8,176	
Materials and Supplies Inventory		165,659				
Notes Receivable		347,451				
Prepaid Items	37,931	1,657			11,869	
Interfund Receivable	48,490					
Advances to Other Funds	365,000					
Fixed Assets, (Net where applicable of Accumulated Depreciation)					873,028	
Other Debits						
Amount Available in Debt Service						
Amount to be Provided from General Government Resources						
Total Assets	$3,742,421	$8,128,205	$292,674	$342,917	$1,435,014	$159,804

Fiduciary Fund Types	Account Groups				
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
$3,347,697			$10,852,239		$10,852,239
146,661			146,661	120,247	266,908
186,281			186,281		186,281
12,562,834			12,919,500		12,919,500
7,668			296,380	15,291	311,671
902,128			902,128		902,128
364			88,683		88,683
125,017			438,531		438,531
			3,000,849		3,000,849
			697,348		697,348
			165,659	2,963	168,622
			347,451		347,451
			51,457		51,457
			48,490		48,490
			365,000		365,000
	5,497,326		6,370,354	525,758	6,896,112
		137,136	137,136		137,136
		5,109,509	5,109,509		5,109,509
$17,278,650	$5,497,326	$5,246,645	$42,123,656	$664,259	$42,787,915

(Continued)

HARDIN COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2000
(Continued)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities						
Accounts Payable	$51,355	$361,822			$58,127	
Accrued Wages and Benefits	84,087	159,242			63,668	
Compensated Absences Payable	11,318	28,505			102,605	
Due to Other Governments	130,285	206,793			73,380	
Due to County Funds-Taxes						
Due to County Funds-Special Assessments						
Deferred Revenue	1,101,102	2,208,402	155,538		8,176	
Deposit Held for Others Payable						
Undistributed Monies						
Payroll Withholdings						
Mortgage Loan Payable						
Claims Payable						305,199
Advances From Other Funds					100,000	265,000
Interfund Payable		48,490				
Post Closure Care Payable						
OWDA Landfill Closure						
OPWC Loans Payable						
General Obligation Bonds Payable						
Special Assessment Debt with Governmental Commitment						
Obligation For Containment Wall						
Total Liabilities	1,378,147	3,013,254	155,538		405,956	570,199
Fund Equity and Other Credits						
Investment in General Fixed Assets						
Retained Earnings:						
Unreserved					1,029,058	(410,395)
Fund Balance:						
Reserved for Encumbrances	35,264					
Reserved for Inventory		165,659				
Reserved for Prepaid Items	37,931	1,657				
Reserved for Debt Service			137,136			
Reserved for Trust Principal						
Reserved for Advances	365,000					
Reserved for Notes Receivable		347,451				
Reserved for Tax Revenue Unavailable for Appropriations	85,377	193,238				
Unreserved:						
Undesignated	1,840,702	4,406,946		342,917		
Total Fund Equity	2,364,274	5,114,951	137,136	342,917	1,029,058	(410,395)
Total Liabilities and Fund Equity	$3,742,421	$8,128,205	$292,674	$342,917	$1,435,014	$159,804

See accompanying notes to the general purpose financial statements

Fiduciary Fund Types	Account Groups				
Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
$243,578			$714,882	$1,425	$716,307
23,182			330,179	4,152	334,331
		625,384	767,812	2,461	770,273
12,411,629			12,822,087		12,822,087
3,000,849			3,000,849		3,000,849
697,348			697,348		697,348
			3,473,218		3,473,218
				2,127	2,127
177,407			177,407		177,407
				4,099	4,099
				142,925	142,925
			305,199		305,199
			365,000		365,000
			48,490		48,490
		1,764,529	1,764,529		1,764,529
		756,938	756,938		756,938
		66,121	66,121		66,121
		1,580,000	1,580,000		1,580,000
		113,673	113,673		113,673
		340,000	340,000		340,000
16,553,993		5,246,645	27,323,732	157,189	27,480,921
	5,497,326		5,497,326		5,497,326
			618,663	507,070	1,125,733
2,727			37,991		37,991
			165,659		165,659
			39,588		39,588
			137,136		137,136
186,281			186,281		186,281
			365,000		365,000
			347,451		347,451
			278,615		278,615
535,649			7,126,214		7,126,214
724,657	5,497,326		14,799,924	507,070	15,306,994
$17,278,650	$5,497,326	$5,246,645	$42,123,656	$664,259	$42,787,915

HARDIN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only) Reporting Entity
Revenues:						
Taxes	$3,110,755	$1,870,720				$4,981,475
Charges for Services	688,529	1,164,404				1,852,933
Licenses and Permits	10,509	77,384				87,893
Fines and Forfeitures	22,874	102,228				125,102
Intergovernmental	1,022,849	7,842,089		1,082		8,866,020
Special Assessments		637,236	43,526	2,211		682,973
Investment Income	683,617	54,449	5,212			743,278
Rental Income	800		139,008			139,808
Other	150,949	734,506			288,815	1,174,270
Total Revenue	5,690,882	12,483,016	187,746	3,293	288,815	18,653,752
Expenditures:						
Current:						
General Government:						
Legislative and Executive	2,477,500	332,586				2,810,086
Judicial	914,440	370,260				1,284,700
Public Safety	1,452,042	320,533				1,772,575
Public Works		3,907,688				3,907,688
Health		57,421				57,421
Human Services	126,462	7,299,371				7,425,833
Conservation and Recreation		241				241
Economic Development and Assistance		128,348				128,348
Other	243,744				47,168	290,912
Capital Outlay				227,182		227,182
Debt Service:						
Principal Retirement			139,411			139,411
Interest and Fiscal Charges			151,468			151,468
Total Expenditures	5,214,188	12,416,448	290,879	227,182	47,168	18,195,865
Excess of Revenues Over (Under) Expenditures	476,694	66,568	(103,133)	(223,889)	241,647	457,887
Other Financing Sources (Uses):						
Proceeds of Bonds				48,000		48,000
Sale of Fixed Assets	3,717	45,202				48,919
Operating Transfers - In	47,839	37,038	83,071	375,000	2,500	545,448
Operating Transfers - Out	(402,473)	(248,257)			(26,319)	(677,049)
Total Other Sources (Uses)	(350,917)	(166,017)	83,071	423,000	(23,819)	(34,682)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	125,777	(99,449)	(20,062)	199,111	217,828	423,205
Fund Balances (Deficit) at Beginning of Year **Restated See Note 3**	2,238,497	5,150,933	157,198	143,806	248,284	7,938,718
Increase (Decrease) in Reserve for Inventory		63,467				63,467
Fund Balances (Deficits) at End of Year	$2,364,274	$5,114,951	$137,136	$342,917	$466,112	$8,425,390

See accompanying notes to the general purpose financial statements

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HARDIN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types					
	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	$2,650,000	$2,992,290	$342,290	$1,658,655	$1,732,639	$73,984
Charges for Services	620,000	688,529	68,529	1,187,973	1,169,404	(18,569)
Licenses and Permits	4,000	4,432	432	67,000	66,199	(801)
Fines and Forfeitures	20,000	23,568	3,568	84,479	89,000	4,521
Intergovernmental	875,000	1,003,601	128,601	7,378,156	7,650,620	272,464
Special Assessments				715,296	637,236	(78,060)
Investment Income	400,000	629,509	229,509	58,018	54,449	(3,569)
Rental Income	500	800	300			
Other	68,500	152,700	84,200	2,263,107	829,130	(1,433,977)
Total Revenue	4,638,000	5,495,429	857,429	13,412,684	12,228,677	(1,184,007)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	2,862,189	2,620,716	241,473	429,015	361,200	67,815
Judicial	1,040,081	932,291	107,790	1,122,017	424,879	697,138
Public Safety	1,691,588	1,540,761	150,827	377,687	297,935	79,752
Public Works	500		500	5,449,185	4,082,438	1,366,747
Health				63,807	58,550	5,257
Human Services	149,139	128,325	20,814	7,981,374	7,439,810	541,564
Economic Development and Assistance				950,000	190,178	759,822
Other						
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	5,743,497	5,222,093	521,404	16,373,085	12,854,990	3,518,095
Excess of Revenues Over(Under) Expenditures	(1,105,497)	273,336	1,378,833	(2,960,401)	(626,313)	2,334,088
Other Financing Sources (Uses):						
Other Financial Uses	(244,443)	(243,694)	749			
Proceeds of Bonds						
Proceeds of Notes						
Sale of Fixed Assets	1,000	3,717	2,717	60,000	45,202	(14,798)
Advances - In		333,490	333,490	8,500	149,490	140,990
Advances - Out	(10,000)	(148,490)	(138,490)		(109,490)	(109,490)
Operating Transfers - In	231,000	47,839	(183,161)	243,291	37,038	(206,253)
Operating Transfers - Out	(425,000)	(402,474)	22,526	(406,832)	(248,257)	158,575
Total Other Sources (Uses)	(447,443)	(409,612)	37,831	(95,041)	(126,017)	(30,976)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,552,940)	(136,276)	1,416,664	(3,055,442)	(752,330)	2,303,112
Fund Balances (Deficit) at Beginning of Year	1,483,109	1,483,109		4,912,670	4,912,670	
Prior Year Encumbrances Appropriated	137,817	137,817		354,903	354,903	
Fund Balances (Deficit) at End of Year	$67,986	$1,484,650	$1,416,664	$2,212,131	$4,515,243	$2,303,112

See accompanying notes to the general purpose financial statements

Governmental Fund Types						Expendable Trust Funds		
Debt Service Fund			Capital Projects Funds					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			391,927	393,009	1,082			
92,608	43,526	(49,082)	3,293	2,211	(1,082)			
5,000	5,212	212						
135,000	139,008	4,008						
			2,000		(2,000)	274,100	288,815	14,715
232,608	187,746	(44,862)	397,220	395,220	(2,000)	274,100	288,815	14,715
						71,511	44,698	26,813
			829,416	694,380	135,036			
139,437	139,411	26						
151,504	151,468	36						
290,941	290,879	62	829,416	694,380	135,036	71,511	44,698	26,813
(58,333)	(103,133)	(44,800)	(432,196)	(299,160)	133,036	202,589	244,117	41,528
						(20,000)	(120)	19,880
				48,000	48,000			
			73,468	73,468				
81,200	83,071	1,871	100,000	375,000	275,000	2,500	2,500	
						(26,319)	(26,319)	
81,200	83,071	1,871	173,468	496,468	323,000	(43,819)	(23,939)	19,880
22,867	(20,062)	(42,929)	(258,728)	197,308	456,036	158,770	220,178	61,408
157,198	157,198		145,609	145,609		248,110	248,110	
						1,097	1,097	
$180,065	$137,136	($42,929)	($113,119)	$342,917	$456,036	$407,977	$469,385	$61,408

HARDIN COUNTY

COMBINED STATEMEN OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type			
	Enterprise	Internal Service	Nonexpendable Trust	Total Primary Government (Memorandum Only)	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating Revenues:						
Charges for Services	$2,624,153	$1,184,818		$3,808,971	$248,363	$4,057,334
Intergovernmental					194,254	194,254
Union County MRDD Grants					64,586	64,586
Interest on Investments			12,629	12,629	270	12,899
Rental Income	12,443			12,443		12,443
Special Assessments	26,487			26,487		26,487
In-kind Contributions					25,076	25,076
Other Operating Revenues		261,776	1,675	263,451	9,274	272,725
Total Operating Revenues	2,663,083	1,446,594	14,304	4,123,981	541,823	4,665,804
Operating Expenses:						
Personal Services	1,493,863			1,493,863	178,811	1,672,674
Fringe Benefits	446,802			446,802		446,802
Contractual Services	119,163			119,163	53,800	172,963
Materials and Supplies	60,213			60,213	43,701	103,914
Claim Expense		1,210,760		1,210,760		1,210,760
Other Operating Expenses	414,885		14,917	429,802	119,796	549,598
Depreciation	96,129			96,129	13,538	109,667
Total Operating Expenses	2,631,055	1,210,760	14,917	3,856,732	409,646	4,266,378
Operating Income (Loss)	32,028	235,834	(613)	267,249	132,177	399,426
Non-Operating Revenue/(Expenses):						
Interest Income					2,491	2,491
Interest and Fiscal Charges	(2,250)			(2,250)	(8,995)	(11,245)
Other Non-Operating Revenues	5,607			5,607		5,607
Total Non-Operating Revenues/(Expenses)	3,357			3,357	(6,504)	(3,147)
Income (Loss) Before Operating Transfers	35,385	235,834	(613)	270,606	125,673	396,279
Operating Transfers - In	150,000			150,000		150,000
Operating Transfers - Out	(18,399)			(18,399)		(18,399)
Net Income (Loss)	166,986	235,834	(613)	402,207	125,673	527,880
Fund Equity at Beginning of Year - **Restated See Note 3**	862,072	(646,229)	259,158	475,001	381,397	856,398
Fund Equity at End of Year	$1,029,058	($410,395)	$258,545	$877,208	$507,070	$1,384,278

See accompanying notes to the general purpose financial statements

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HARDIN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS) ALL PROPRIETARY FUNDS AND NONEXPENDABLE TRUST FUNDS FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		
	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	$2,925,420	$2,712,201	($213,219)
Special Assessments	28,000	26,487	(1,513)
Interest Income			
Rental Income	13,500	12,444	(1,056)
Other Operating Revenues			
Total Revenue	2,966,920	2,751,132	(215,788)
Expenses:			
Current:			
Personal Services	1,570,500	1,481,938	88,562
Contractual Services	110,492	97,593	12,899
Materials and Supplies	133,369	125,101	8,268
Fringe Benefits	486,675	446,802	39,873
Claims and Judgements			
Other Operating Expenses	532,189	565,154	(32,965)
Capital Outlay	249,531	248,731	800
Total Expenses	3,082,756	2,965,319	117,437
Income (Loss) Before Operating Transfers	(115,836)	(214,187)	(98,351)
Interest and Fiscal Charges	(2,250)	(2,250)	
Other Non-Operating Revenues	6,000	5,607	(393)
Advances Out			
Operating Transfers In	100,000	150,000	50,000
Operating Transfers Out	(70,879)	(18,399)	52,480
Net Income (Loss)	(82,965)	(79,229)	3,736
Fund Equity (Deficit) at Beginning of Year	167,449	167,449	
Prior Year Encumbrances Appropriated	183,851	183,851	
Fund Equity at End of Year	$268,335	$272,071	$3,736

See accompanying notes to the general purpose financial statements

Proprietary Fund Types			Fiduciary Fund Type		
Internal Service Fund			Non-Expendable Trust		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
$1,750,000	$1,219,802	($530,198)			
			12,143	12,659	516
	261,776	261,776	1,250	1,677	427
1,750,000	1,481,578	(268,422)	13,393	14,336	943
1,525,000	1,134,921	390,079			
			34,931	14,918	20,013
1,525,000	1,134,921	390,079	34,931	14,918	20,013
225,000	346,657	121,657	(21,538)	(582)	20,956
(225,000)	(225,000)				
	121,657	121,657	(21,538)	(582)	20,956
36,517	36,517		38,482	38,482	
			1,000	1,000	
$36,517	$158,174	$121,657	$17,944	$38,900	$20,956

HARDIN COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUNDS, NONEXPENDABLE TRUST FUNDS, AND DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government	Discretely Presented	Total Reporting Entity
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust	(Memorandum Only)	Component Units	(Memorandum Only)
Cash Flows from Operating Activities:						
Cash Received for Services	$2,751,134	$1,481,578	$14,336	$4,247,048	$550,301	$4,797,349
Cash Paid To Employees	(1,928,240)			(1,928,240)	(177,941)	(2,106,181)
Cash Paid for Medical Claims		(1,134,921)		(1,134,921)		(1,134,921)
Cash Paid for Goods and Services	(624,256)		(14,918)	(639,174)	(218,658)	(857,832)
Net Cash Provided by Operating Activities	198,638	346,657	(582)	544,713	153,702	698,415
Cash Flows from Investing Activities:						
Interest on Investments					2,491	2,491
Net Cash Provided from Investing Activities					2,491	2,491
Cash Flows from Financing Activities:						
Purchase of Fixed Assets	(341,421)			(341,421)	(140,094)	(481,515)
Principal Payments - OWDA						
Interest Paid	(2,250)			(2,250)	(8,995)	(11,245)
Received on Mortgage Loans					25,000	25,000
Received on Notes					40,000	40,000
Paid on Mortgage Loans					(47,919)	(47,919)
Other Non-operating Revenues	5,607			5,607		5,607
Net Cash Provided by Financing Activities	(338,064)			(338,064)	(132,008)	(470,072)
Cash Flows from Noncapital Financing Activities:						
Advance Out		(225,000)		(225,000)		(225,000)
Operating Transfer - In	150,000			150,000		150,000
Operating Transfer - Out	(18,399)			(18,399)		(18,399)
Net Cash Provided by Noncapital Financing Activities	131,601	(225,000)		(93,399)		(93,399)
Net Increase (Decrease) in Cash	(7,825)	121,657	(582)	113,250	24,185	137,435
Cash, Beginning of Year	351,300	36,517	258,763	646,580	96,062	742,642
Cash, End of Year	$343,475	$158,174	$258,181	$759,830	$120,247	$880,077

	Proprietary Fund Types		Fiduciary Fund Type			
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust	Total Primary Government (Memorandum Only)	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Reconciliation of Net Income to Net Cash Provided by Operating Activities:						
Operating Income	$32,028	$235,834	($613)	$267,249	$132,177	$399,426
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:						
Depreciation Expense	96,129			96,129	13,538	109,667
Net (Increase) Decrease in Accrued Interest			31	31		31
Net (Increase) Decrease in Accounts Receivable	88,051	34,985		123,036	8,176	131,212
(Increase) Decrease in Inventories					(1,079)	(1,079)
(Increase) Decrease in Prepaid Items	196			196		196
(Increase) Decrease in Due from Agency Funds - Special Assessments	270			270		270
Increase (Decrease) in Contracts Payable	(18,800)			(18,800)		(18,800)
Increase (Decrease) in Accounts Payable	(11,139)			(11,139)	(207)	(11,346)
Increase (Decrease) in Accrued Wages and Benefits	3,805			3,805	531	4,336
Increase (Decrease) in Compensated Absences Payable	7,162			7,162	(805)	6,357
Increase (Decrease) in Payroll Withholding					1,144	1,144
Increase (Decrease) in Claims Payable		75,838		75,838		75,838
Increase (Decrease) in Due to Other Governments	1,206			1,206		1,206
Increase (Decrease) in Deferred Revenue	(270)			(270)		(270)
Increase (Decrease) in Deposits and Held for Others					227	227
Total Adjustments	166,610	110,823	31	277,464	21,525	298,989
Net Cash Provided by Operating Activities	$198,638	$346,657	($582)	$544,713	$153,702	$698,415

Reconciliation of Nonexpendable Trust
to Combined Balance Sheet

Per Balance Sheet:	$3,680,639
Less: Agency Funds	(2,953,074)
Expendable Trust	(469,384)
Total Nonexpendable Trust	258,181

See accompanying notes to the general purpose financial statements.

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1. DESCRIPTION OF THE REPORTING ENTITY

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

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and component units for which Hardin County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general purpose financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. All County component units are discretely presented.

Based on the foregoing criteria, the financial activities of the following PCU’s have been reflected in the accompanying general purpose financial statements as follows:

A. Discretely Presented Component Units

HARCO Industries, Inc.

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

The Hardin County Board of MRDD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop.

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Hardin County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County.

The Workshop is presented as a proprietary fund type, and has been combined with the Hardin County Housing Development Inc. and the Hardin County Airport in the Component Units column of the financial statements. Complete financial statements for Harco Industries, Inc. may be obtained from the administrative offices at 705 North Ida Street, Kenton, Ohio 43326.

The discretely presented component unit (HARCO Industries, Inc,) has a fiscal year end of June 30, 2000, however, the annualized amounts would not be significantly different from calendar year amounts.

Hardin County Housing Development, Inc.

Hardin County Housing Development, Inc. (HCHD) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The HCHD, under a contractual agreement with the Hardin County Board of Retardation and Developmental Disabilities, provides capital facilities for mental hygiene and retardation services for adults with mental retardation or developmental disabilities in Hardin County. The Hardin County Board of MRDD provides the staff salaries, transportation, equipment and other funds as necessary for the operation. Based on the significant services and resources provided by the County to the HCHD and HCHD's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Hardin County, HCHD is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. HCHD is presented as a proprietary fund type, and has been combined with Harco Industries Inc. and the Hardin County Airport in the Component Units column of the financial statements. Complete financial statements for HCHD may be obtained from the administrative offices at 705 North Ida Street, Kenton, Ohio 43326.

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 reflected as a component unit of Hardin County and is presented as a proprietary fund type, and has been combined with Harco Industries Inc. and the Hardin County Housing Development Inc. in the component unit column of the financial statements. Complete financial statements for the Airport Authority may be obtained from the administrative offices located 13975 Township Road 135 in Kenton, Ohio.

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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 Mental Retardation and Developmental Disabilities (MRDD) of several counties, including, Auglaize, Darke, Logan, Mercer, Miami, Shelby, Union, and Hardin. The Board of Directors is made up of the Superintendents from each of these MRDD Boards, and the degree of control exercised by any participating government is limited to its representation on the Board. West CON is the administrator and fiscal agent of Supported Living funds for each of these Boards of Mental Retardation and Developmental Disabilities.

Hardin Regional Planning Commission:

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

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calender year in which the revenue is needed.

Family and Children First Council

The Family and Children First Council provides services to multi-need youth in Hardin County. Members of the council include the Hardin County Board of Mental Retardation, Mental Health Board, Hardin County Child Support Enforcement Agency, Alcohol, Drug and Mental Health Service Board, Head Start, Kenton-Hardin County Board of Health, Kenton City Schools, Hardin County Human Services, Hardin County Educational Service Center and the Ohio Department of Youth Services. The operation of the council is controlled by an advisory committee which consists of a representative from each agency. Funding comes mainly from the State of Ohio.

C. Joint Ventures:

Alcohol, Drug Addiction and Mental Health Services of Allen, Auglaize, and Hardin Counties

The Alcohol, Drug Addiction and Mental Health Services Board (ADAMHS) 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.

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 ADAMHS 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 ADAMHS 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 ADAMHS 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.

During 2000, tax revenues generated by the levy in Hardin County was $ 149,001, which represents four percent of the total revenue. Complete financial statements can be obtained from the ADAMHS Board, Allen County, Ohio.

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 Correctional 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 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 Marion Hardin County Jail Commission is a joint venture between Marion and Hardin Counties. The Commission has no outstanding debt as of December 31, 1998. The Commission has not accumulated significant financial resources, nor is the commission experiencing fiscal stress that may cause additional financial benefit or burden on the County in the future. Financial information can be obtained from the Marion County Auditor, Michele Pearson, 100 North Main Street, Marion, Ohio 43302.

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

County Commissioner Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services, and general management fees, determining ongoing eligibility of each participant and performing any other acts and functions which may be delegated to it by the participating employers.

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

E. Related Organizations

Mary Lou Johnson Hardin County Public Library

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

1. DESCRIPTION OF THE REPORTING ENTITY (Continued)

Hardin County Veterans Memorial Park District

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

F. Excluded 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:

Hardin County General Health District

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

Soil and Water Conservation District

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

Other Districts

The Regional Planning Commission, and the Hardin County Veterans Memorial Park District are also not a part of the County 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 Hardin County conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of its significant accounting policies:

A. Basis of Presentation - Fund Accounting

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The following fund types and account groups are used by the County:

1. Governmental Funds:

General Fund

The general fund is used to account for all activities of the County not required to be included in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

2. Proprietary Funds:

Enterprise Funds

The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds

The internal service funds are used to account for the financing on a cost-reimbursement basis of goods or services provided by one County department or agency to other departments, agencies, or political subdivisions. Charges to the users are intended to recover total cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds:

Trust and Agency Funds

These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Non-Expendable Trust and Agency Funds. Agency Funds generally are used to account for assets that the government holds on behalf of others as their agent. Expendable trust funds are accounted for in essentially the same manner as governmental funds and non-expendable trust funds in essentially as proprietary funds. Agency funds are purely custodial (assets equal liabilities) and thus, do not involve measurement of results of operations.

4. Account Groups:

General Fixed Assets Account Group

The General Fixed Assets Account Group is used to account for all general fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group

The General Long-Term Obligations Account Group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.

5. Component Units:

Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would not cause the County's financial statement to be misleading or incomplete.

B. Basis of Accounting

1. Primary Government

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized in the period when measurable and available to meet obligations incurred during the year. The County defines available as meaning collectible within 30 days of year-end. Revenues which are accrued include earnings on investments; delinquent real and personal property taxes; sales taxes; federal and state grants and subventions; and charges for current services.

Deferred revenues, as reported on the combined balance sheet, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special assessments and accrued interest receivable are recorded as deferred revenue because they do not meet the availability criteria. Property taxes that are measurable as of December 31, 2000, but are intended to finance 2000 operations, and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenue.

The only revenue sources not susceptible to accrual include dog and vendor licenses, donations, and some fines and forfeitures.

Expenditures are recognized when the related liability is expected to be liquidated with expendable available financial resources with the following exceptions: general long term obligation principal and interest is reported only when paid, and the costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

The proprietary and non-expendable trust funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled service charges receivable are recognized as revenue at year-end.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. Agency funds are accounted for using the modified accrual basis of accounting.

2. Component Units

Harco Industries, Housing Development, Inc. and the Airport Authority use the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

C. Budgetary Data

Outlined below are the procedures followed by the County to establish the annual operating budget and budgetary data reported in Exhibit 3:

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.

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

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

6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2000 and were considered routine.

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

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

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures on the modified accrual basis of accounting, compared to encumbrances outstanding at year-end reported as expenditures on the budget basis of accounting.

E. Cash and Investments

To improve cash management, all cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund 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 combined balance sheet.

During the year 2000, investments were limited to STAR Ohio, certificates of deposit, federal agency securities, and commercial paper.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The County has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year 2000. STAR Ohio is an investment pool management 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 at which the investment could be sold at December 31, 2000.

With the exception of the investments invested for Pike Repair Special Revenue Fund, the Clark Bailey, Helen Howard, and the Chase Stewart Non-Expendable Trust Funds, all interest on investments held by the Treasurer is credited to the County General Fund. Interest income earned in 2000 by the General Fund, the Pike Repair Special Revenue Fund, the Community Development Special Revenue Fund, and the Non-expendable Trust Funds totaled $683,617, $54,449, and $12,629, respectively. Interest revenue reported in the Debt Service fund is generated by the lease payments for the use of the Court House Annex in the amount of $5,212.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months (which are not part of an investment pool) are reported as investments.

F. 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.

G. Inventories of Materials and Supplies

Inventories are valued at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

H. Property, Plant, Equipment, and Depreciation

The fixed asset values were initially determined at December 31, 1996, assigning original acquisition costs when such information was available. In cases where information supporting original cost was not available, estimated historical costs were developed. Donated fixed assets are recorded at their fair market values as of the date donated. The cost of interest on debt issued for construction in progress is not capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fixed Assets Account Group

The County follows the policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County (i.e. roads, bridges, etc.); ornamental artifacts; and assets with a cost of less than $400. Accumulated depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. Enterprise Funds

Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

Description	Estimated Life
Autos and trucks	5
Machinery, equipment, furniture and fixture	5-15
Building improvement	15
Sewer and water treatment plants and buildings	30
Other buildings	25-50
Sewer and water mains	50

The County also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt.

I. Compensated Absences

Compensated absences of the County consist of vacation leave, personal leave, compensatory leave, and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement.

A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from Proprietary funds are recorded as an expense when earned.

County employees earn vacation at varying rates ranging from two to four weeks per year. Sick leave is accumulated at the rate of three weeks per year. Vacation and sick leave is accumulated on an hours-worked basis. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The County does not accrue a liability for non-vested sick leave or vacation benefits except as required by GASB 16 (see above).

J. Intergovernmental Revenues

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Federal and State reimbursement type grants for the acquisition or construction of fixed assets in Proprietary funds are recorded as receivables and contributed capital when the related expenses are incurred. All other Federal and State reimbursement type grants are recorded as receivables and revenues when the related expenditures/expenses are incurred.

The County's Department of Human Services (Welfare) distributes federal food stamps to entitled recipients with Hardin County. The receipt and issuance of these stamps have the characteristics of federal "grants", however, the Department of Human Services merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rests with the ultimate recipient. The County's Department of Human Services distributed approximately $783,674 of federal food stamps during 2000.

K. Long Term Obligations

Long-term obligations for general obligation bonds, vested sick and vacation leave, capital lease obligations, and any claims or judgements that are expected to be paid from the governmental funds are shown in the General Long-Term Obligations Account Group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the other General Long-Term Obligations Account Group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund.

L. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expense in the reimbursed fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Short-term interfund loans, accrued interfund reimbursements, and accrued operating transfers are reflected as due to and from other funds.

4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheets for those fund groups that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 7.

M. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

Hardin County reports amounts representing material and supply inventories, available debt service equity, encumbrances, advances, notes receivable, tax revenue unavailable for appropriation, and prepaid items, as reservations of fund balance in the governmental funds and the principal amount of the non-expendable trust endowments as a reservation of fund balance in the fiduciary funds.

N. Prepaids and Deferrals

Prepayments and deferrals for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment and deferrals are not available to finance future governmental fund expenditures the fund balance is reserved by an amount equal to the carry value of the asset.

O. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board (GASB) issued Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." The County has presented as Exhibit 5 a statement of cash flows for its enterprise funds, internal service funds and nonexpendable trust funds. For purposes of the statement of cash flows, the County considers cash and cash equivalents to include "Cash and Cash Equivalents", "Investments", and "Cash with Fiscal and Escrow Agents".

P. Financial Reporting for Proprietary and Similar Fund Types

The County's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting." This Statement is effective for financial statements beginning after December 15, 1993. The County accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

R. Self-funded Insurance

The County is self-funded for health benefits. Each County fund is charged for its proportionate share of the cost for covered employees. Payment of these benefits is accounted for in an internal service fund. The County records a liability for claims payable at year end based upon actual amounts reported by the Administrative Service Consultants.

S. Total Columns on Financial Statements

Total columns on the general-purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

When the title of a statement indicates that component units are included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included.

The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1) and primary government. The total column on statements which do not include component units have no additional captions.

3. RESTATEMENT OF PRIOR YEAR FUND BALANCE

Between 1996 and 1999, the General Fund had transferred $490,000 to the Internal Service Fund. During the current year, a portion of the previous transfers was reimbursed to the General Fund with the intention of ultimately recouping the remaining unpaid transfers in the future.

The following reflects the fund equity restated for the General Fund and Internal Service Fund as of December 31, 1999:

Description	General Fund	Internal Service Fund
Fund Balance Reported December 31, 1999	$1,748,497	$(156,229)
Restatement	490,000	(490,000)
Restated Amount for December 31, 1999	$2,238,497	$(646,229)

4. COMPLIANCE AND ACCOUNTABILITY

A. Compliance

The County did not certify all expenditures prior to the obligation being incurred which violates Ohio Rev. Code Section 5705.41 (D).

B. Accountability

The internal service fund had a deficit fund balance in the amount of $410,395 as of December 31, 2000, which was caused by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done as cash is needed rather than as accruals occur.

5. POOLED CASH AND CASH EQUIVALENTS, SEGREGATED CASH, INVESTMENTS AND DEPOSITS

A. Primary Government

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents."

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. 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 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

5. POOLED CASH AND CASH EQUIVALENTS, SEGREGATED CASH, INVESTMENTS AND DEPOSITS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;

9. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio; and

10. Bankers acceptances for a period not to exceed 270 days and in an amount not to exceed ten percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

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

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

Cash on Hand - At year end, the County had $2,500 in undeposited cash on hand which is included on the balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At year-end, the carrying amount of the County's deposits, including non-negotiable certificates of deposit and the amount of deposits representing custodial funds described in Note 1, was $5,181,944 and the bank balance, including non-negotiable certificates of deposit and the amount of deposits representing custodial funds described in Note 1 was $5,725,109. Of the bank balance, $471,670 was covered by federal depository insurance; and the balance was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents was not in the County's name. Although the collateral was held by the pledging financial institutions' trust department in the County's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirement would potentially subject the County to a successful claim by the FDIC.

5. POOLED CASH AND CASH EQUIVALENTS, SEGREGATED CASH, INVESTMENTS AND DEPOSITS (Continued)

The pledging banks have investment and securities pools used to collateralize all public deposits. These pool have a market value at December 31, 2000, in excess of 105 percent of the public funds on deposit in each pledging bank. Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank or in collateral pools pledged to cover government deposits held by an institution.

Investments - Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.37 of the Ohio Revised Code.

GASB Statement 3, "*Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*" requires that governments disclose the carrying amounts and market value of investments classified by risk.

Category 1 includes investments that are insured or registered or for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the County's name.

As of December 31, 2000, the County's investments were as follows:

	Not Categorized	Category 3	Carrying/ Fair Value
Federal National Mortgage Discount Notes	$ 0	$499,144	$499,144
Federal Home Land Bank Discount Notes	0	2,995,944	2,995,944
STAR Ohio	2,505,650	0	2,505,650
Total Investments	$2,505,650	$3,495,088	$6,000,738

The classification of cash and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "*Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*."

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the Combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	$10,998,901	$186,281
Long Term Certificates of Deposit	186,281	(186,281)
Federal National Mortgage Discount Notes	(499,144)	499,144
Federal Home Land Bank Discount Notes	(2,995,944)	2,995,944
Star Ohio	(2,505,650)	2,505,650
Cash on Hand	(2,500)	0
Per GASB 3	$ 5,181,944	$6,000,738

5. POOLED CASH AND CASH EQUIVALENTS, SEGREGATED CASH, INVESTMENTS AND DEPOSITS (Continued)

B. Component Units

At year end, the carrying amount of the component units deposits was $120,247. The entire balance was covered by federal depository insurance. The component units did not have investments at year end. There are no statutory guidelines regarding the deposit and investment of funds by not-for-profit corporations, which include HARCO Industries, Inc. and Hardin County Housing Development, Inc.

6. RECEIVABLES

Receivables at December 31, 2000 consisted of taxes, accounts, special assessments, interest, due from other governments, and due from Agency funds taxes and special assessments. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and special assessments, and accounts, the stable condition of State programs, and the current year guarantee of Federal funds. Proprietary fund accounts receivable are collectible in full due to the Prosecuting Attorney collection procedures.

A summary of the principal items of receivables follows. For Intergovernmental Revenues only, the portion of receivables collected in the "available period" are recorded in the financial records.

7. INTERFUND RECEIVABLES AND PAYABLES

A summary of interfund transactions at December 31, 2000 consist of the following:

Short Term:	**Interfund Receivables**	**Interfund Payables**
General Fund	$48,490	$ 0
Special Revenue:		
Litter Control	$ 0	$48,490

Long Term:	**Advance To**	**Advance From**
General	$365,000	$ 0
Enterprise:		
Solid Waste Disposal	$ -	$100,000
Internal Service:		
County Employees Benefits Insurance	$ -	$265,000
Total	$365,000	$365,000

8. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The assessed value upon which the 2000 taxes were collected was $392,947,312.

The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2000, was $9.95 per $1,000 of assessed valuation for real property classified as residential/agricultural and $9.95 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 $7.71 per $1,000 of assessed valuation for real property classified as residential/agricultural and $8.56 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.

Real Property - 1999 Valuation	
Residential	$170,542,420
Agriculture	94,069,870
Commercial	32,451,440
Industrial	14,489,200
Public Utilities	588,250
Tangible Personal Property -2000 Valuation	
General	52,264,322
Public Utilities	28,541,810
Total Valuation	$392,947,312

Real property taxes for tax year 2000 are payable annually or semi-annually. If paid annually, payment is due February 10, 2000. If paid semi-annually, the first payment is due February 10, 2000 and the remainder payable by July 20, 2000. 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. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

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

8. PROPERTY TAXES (Continued)

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

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2000 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 30 days of 2000 are shown as 2000 revenue; the remainder are shown as "Deferred Revenue".

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.

9. PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution have imposed a one percent tax on retail sales made in the County, except storage, use, or consumption in the County of tangible personal property, not subject to the sales tax. 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 Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited to the General Fund. Amounts measurable at year-end are to be received within the available period are accrued as revenue

10. FIXED ASSETS

A summary of the General Fixed Assets Account Group fund property, plant, and equipment at December 31, 2000 follows:

	Balance January 1, 2000	Additions	Disposals	Balance December 31, 2000
Land	$ 403,990	$ -	$ -	$403,990
Buildings	4,753,242	-	-	4,753,242
Land Improvements	13,280	1,797	-	15,077
Equipment	1,041,646	161,537	99,807	1,103,376
Furniture	378,687	13,515	10,992	381,210
Vehicles	2,945,926	466,750	186,934	3,225,742
Total Cost Value	$9,536,771	$643,599	$297,733	$9,882,637
Accumulated Depreciation	4,215,330	467,714	297,733	4,385,311
Total Book Value	$ 5,321,441	$ 175,885	$ -	$5,497,326

10. FIXED ASSETS (Continued)

A summary in proprietary funds is as follows:

	County Home	Sewer District	Solid Waste Disposal	Total
Land	$ 39,534	$ 5,530	$ 2,633	$ 47,697
Buildings	700,448	77,393	165,339	943,180
Land Improvements	-	692	-	692
Equipment	257,768	7,936	110,374	376,078
Furniture	134,194	-	2,057	136,251
Vehicles	87,614	-	357,451	445,065
Infrastructure	-	123,900	-	123,900
Total Cost Value	$ 1,219,558	$ 215,451	$ 637,854	$ 2,072,863
Accumulated Depreciation	810,756	115,725	273,354	1,199,835
Total Book Value	$ 408,802	$ 99,726	$ 364,500	$ 873,028

11. COMPENSATED ABSENCES

Vacation, personal, and sick leave accumulated by governmental fund type employees has been recorded in the General Long-Term Obligations Account Group, while overtime earned (compensatory leave) has been recorded as individual fund liabilities. Vacation, personal, and sick leave, and overtime in the proprietary funds is expensed when earned.

Upon termination of County service, a fully vested employee is entitled to 50% of their accumulated sick leave not to exceed 75 days, plus all accumulated vacation, personal and overtime. At December 31, 2000 vested benefits for governmental fund type, proprietary fund type and component units employees totaled $144,889. The total liability for compensated absences for all governmental fund types, proprietary fund types, component units and General Long-Term Obligations Account Group is $770,273.

12. LONG TERM DEBT AND OTHER OBLIGATIONS

The County's long-term debt and other obligations at year end consisted of general obligation bonds, special assessment bonds, Ohio Water Development Authority Loan, Ohio Public Works Commission Loan, Compensated Absences, Capital Leases and Post Closure Landfill Obligation which are recorded in the General Long-Term Obligations Account Group. At the present time there is no long-term debt recorded as fund liabilities of the enterprise funds.

12. LONG TERM DEBT AND OTHER OBLIGATIONS (Continued)

A. The County's long term debt transactions for the year ended December 31, 2000, are summarized below:

	Debt Principal or other obligations outstanding January 1, 2000	Debt Principal or other obligations issued in 2000	Debt Principal or other obligations retired in 2000	Debt Principal or other obligations outstanding December 31, 2000
General Obligation Bonds	$ 1,635,000	$ -	$ (55,000)	$ 1,580,000
Special Assessment with Government Commitment	105,953	48,000	(40,280)	113,673
OWDA Landfill Closure	794,861	-	(37,923)	756,938
Post Closure Obligation	1,796,139	-	(31,610)	1,764,529
OPWC Loan	73,468	-	(7,347)	66,121
Compensated Absences	568,674	56,710	-	625,384
Capital Leases	1,855	-	(1,855)	-
Estimated Obligation for Containment Wall	340,000	-	-	340,000
Total Debt & Other Obligations	$ 5,315,950	$ 104,710	$ (174,015)	$ 5,246,645

The general obligation bonds were used to construct the Hardin County Courthouse Annex. General Obligation Bonds are secured by the County's ability to levy a voted or unvoted property tax within limitations of Ohio Law.

The Special Assessment bonds were used to construct and improve ditches and are to be retired through assessments against benefitted property owners. Each appropriate bond indenture provides for principal and interest to be paid from uses charges.

In the event the property owners default on their special assessment obligations, the County is obligated to meet the debt service requirements from County funds.

The total maximum amount borrowed by the County under the OWDA Loan was $960,824. The loans are for the payment of costs associated with the closure of the County Landfill on County Road 143A when it ceased acceptance of solid waste on March 31, 1990. On March 11, 1991 the Ohio EPA conducted an inspection of the facility and documented that the County had failed to apply adequate final cover. The County is now in the final stage of completing the closure costs which are made in accordance with an EPA approved closure plan.

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. The study estimates that $1,764,529 will be incurred after the closure is completed over approximately a thirty year period. This obligation has been recorded in the General Long Term Debt Account group. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Presently a solid waste transfer station is operating and transfer fees and tax revenues are financing the post closure costs.

12. LONG TERM DEBT AND OTHER OBLIGATIONS (Continued)

During 1999, the County completed a bridge project which was financed in part with an Ohio Public Works Commission loan to the County for $73,468. The unpaid loan obligation is recorded in the General Long Term Obligations Account Group. The loan is scheduled for repayment over a twenty year period beginning July 2000.

The following is a description of the bonds that existed in 2000 and were outstanding as of December 31, 2000:

Description	Issue Date	Interest Rate %	Original Amount	Paid Amount	Outstanding Amount	Maturity Date
General Long-Term Obligations Account Group						
County Courthouse Annex General Obligation Bonds	12-91	4.5% to 6.625%	$1,960,000	$380,000	$1,580,000	12-2016
Special Assessment Bonds:						
Rose Ditch	5-95	6.50%	$5,700	$ 5,700	$ 0	5-1999
Sheldon Ditch	8-95	5.60%	15,000	15,000	0	8-1999
Conner Jt Ditch	98	5.14%	10,200	3,800	6,400	2003
Stutzman Ditch	98	5.12%	5,000	1,827	3,173	2003
Noe Ditch	98	5.14%	1,400	500	900	2003
Hess Ditch	98	6.00%	1,900	1,100	800	2002
Hughes Ditch	98	6.00%	1,500	900	600	2002
Coder Ditch	98	6.00%	4,500	4,500	0	2000
Hinton Ditch	98	6.00%	3,000	3,000	0	2000
Trent Ditch	98	4.97%	2,000	800	1,200	2003
Lautenschlager Ditch	98	4.97%	17,000	6,800	10,200	2003
Lease Ditch	99	5.00%	68,000	13,600	54,400	2004
Bloom Ditch	00	5.60%	48,000	12,000	36,000	2004
Total Special Assessment			$183,200	$69,527	$113,673	
Total Bond Debt			$2,143,200	$449,527	$1,693,673	
OWDA Loan	7-97	4.56%	$960,824	$203,886	$756,938	1-2014
OPWC Loan	7-99	0.00%	$73,468	$7,347	$66,121	2010

12. LONG TERM DEBT AND OTHER OBLIGATIONS (Continued)

B. The following is a summary of the County's future annual debt service requirements for long term debt:

	General Obligation Bonds Governmental Purposes	Special Assessment Bonds Government Commitment	OWDA Loan Landfill Closure	OPWC Loan	Totals
2001	163,834	36,332	73,741	3,673	277,580
2002	165,294	34,903	73,741	7,347	281,285
2003	161,394	32,871	73,741	7,347	275,353
2004	162,088	23,786	73,741	7,347	266,962
2005		162,450	-	73,741	7,347
		243,538			
2006-2010	811,094	-	368,707	33,060	1,212,861
2011-2015	818,180	-	294,979	-	1,113,159
2016		165,269	-	-	-
		165,269			
Total	2,609,603	127,892	1,032,391	66,121	3,836,007
Less Interest	1,029,603	14,219	275,453	-	1,319,275
Principal	$1,580,000	$113,673	$756,938	$66,121	$2,516,732

C. The County paid off the following special assessment notes during 2000:

Description	Issue Date	Interest Rate	Principal Amount
Special Assessment Notes			
General Long-Term Obligations			
Account Group:			
Rose Ditch	5-95	6.50%	$ 1,140
Sheldon Ditch	8-95	5.60%	3,336
Coder Ditch	98	6.00%	1,600
Hinton Ditch	98	6.00%	1,000

Net General Obligation Debt - The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County. The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first $100,000,000, of the assessed valuation, plus one and one-half percent of such valuation in excess of $100,000,000 and not in excess of $300,000,000, plus two and one-half percent of such valuation in excess of $300,000,000.

The effects of the debt limitations described above at December 31, 2000 are an overall debt margin of $6,928,819 and an unvoted debt margin of $1,394,864.

Component Unit Debt - Hardin County Housing Development, Inc. which provides housing for the mentally retarded and developmentally disabled citizens had mortgage loans in the amount of $142,925 at December 31, 2000. The loans are secured by the rental properties purchased. The Hardin County Mental Retardation and Developmental Disabilities Board of Directors have also signed second mortgages for the rental properties.

Operating Leases

The County pays $3,259 annually for office space to the Soil Conservation Service.

13. PENSION OBLIGATIONS

A. Public Employees Retirement System (PERS):

All County employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were $1,024,115, $1,044,765, and $1,031,303, respectively; 92.58 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 of $190,444, is recorded as a liability in the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System (STRS):

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary to fund pension obligations and the County is required to contribute 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were $37,115, $35,830, and $33,502, respectively; 98.64 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid contribution for 2000 of $4,467, is recorded as a liability in the respective fund.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

A. Public Employees Retirement System (PERS):

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were $10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were $12,473.6 million and $1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. State Teachers Retirement System (STRS):

Comprehensive health care benefits are provided to retired teachers and their dependents though the State Teachers Retirement System of Ohio (STRS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS.

Benefits are funded on a pay-as-you-go basis. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund.

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund at June 30, 2000, was $3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were $283,137,000 and there were 99,011 eligible benefit recipients.

15. BUDGETARY BASIS OF ACCOUNTING

The County's budgetary process is based upon accounting for transactions on the cash (budget) basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are:

a) Revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP).

b) Expenditures are recorded when paid (budget) as opposed to when incurred (GAAP).

c) Encumbrances as expenditures on the budgetary basis of accounting.

d) Short-term note proceeds and note principal retirement for governmental funds and all debt principal retirement are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

e) State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

f) Although not part of the appropriated budget, the component unit are included as part of the reporting entity when preparing financial statements that conform with GAAP.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES--ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	($136,276)	($752,330)	$ (20,062)	$197,308	$220,178
Net Adjustments Revenue & Other Sources	(138,037)	104,848	-	(465,395)	-
Net Adjustments for Expenditures & Other Uses	313,471	307,886	-	467,198	(8,350)
Encumbrances	86,619	240,147	-	-	6,000
GAAP Basis	$125,777	($99,449)	$ (20,062)	$199,111	$217,828

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

NET INCOME
NET INCOME (UNDER) EXPENSES
ALL PROPRIETARY FUND TYPES ANDNONEXPENDABLE TRUST FUNDS

	Enterprise	Internal Service	Nonexpendable Trust
Budget Basis	($79,230)	$121,657	($582)
Net Adjustments for Revenue Accruals	(88,049)	(34,984)	(32)
Net Adjustment for Expenditures	262,861	149,161	-
Encumbrances	71,404	-	-
GAAP Basis	$166,986	$235,834	($613)

16. SEGMENT INFORMATION - ENTERPRISE FUNDS

The County operates Enterprise Funds which provide shelter and nursing services for the elderly at the County Home, disposal and treatment of sewage, and waste disposal. The key financial information for the year ended December 31, 2000 for the individual enterprise funds is as follows:

	County Home	Sewer District	Solid Waste Disposal	Total
Operating Revenues	$ 2,145,628	$ 25,537	$ 491,918	$ 2,663,083
Operating Expenses	2,157,527	19,232	454,296	2,631,055
Depreciation	52,314	4,242	39,573	96,129
Operating Income(Loss)	(11,898)	6,305	37,621	32,028
Transfers-In	50,000	-	100,000	150,000
Transfers-Out	-	18,398	-	18,399
Net Income (Loss)	43,708	(12,093)	135,371	166,986
Fixed Assets	408,802	99,726	364,500	873,028
Fixed Asset Additions	150,074	-	191,347	341,421
Total Assets	889,307	132,275	413,432	1,435,014
Net Working Capital	232,967	22,828	237	256,032
Total Equity	641,768	122,553	264,737	1,029,058

17. INDIVIDUAL COMPONENT UNIT DISCLOSURE

Condensed Balance Sheet

	Airport Authority	Housing Development, Inc.	Harco Industries, Inc.	Totals
Current Assets	$ 53,111	$ 20,146	$ 65,244	$138,501
Property, Plant, & Equip	25,250	500,508	-	525,758
Current Liabilities	-	2,127	12,137	14,264
Mortgages Payable	-	142,925	-	142,925

17. INDIVIDUAL COMPONENT UNIT DISCLOSURE (Continued)

Condensed Statement of Revenues, Expenses, and Changes in Fund Equity

	Airport Authority	Housing Development, Inc.	Harco Industries, Inc.	Totals
Operating Revenues	$202,186	$153,836	$185,801	$541,823
Operating Expenses	190,076	35,830	183,740	409,646
Operating Income Income/(Loss)	$ 12,110	$118,006	$ 2,061	$132,177

Non-Cash Activity - Harco Industries, Inc. received contributions in-kind from the Mental Retardation and Development Disabilities Board (MRDD) as described below in Note 18 in the amount of $25,076. This amount is included in operating income and expense above.

18. 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 forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Coverages provided are as follows:

General Liability	$1,000,000
Excess Liability Coverage	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Liability	1,000,000
Automobile Liability	1,000,000
Errors and Omissions	1,000,000
Building and Contents (Include Comprehensive Boiler and Machinery)	34,787,709
Other Property Insurance:	
Extra Expense	500,000
Building and Business Interruption Coverage	500,000

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation, dental, prescription and health insurance for those employees who do not choose to be in the County's self insurance program described below. Settled claims resulting from these risks have not exceeded CORSA'S and commercial insurance coverage in any of the past three fiscal years.

The County has elected to provide medical benefits through a self insured program for those employees who choose it. The maintenance of these benefits are accounted for in the County Employees Benefit Insurance Internal Service Fund. An excess coverage insurance (stop loss) policy covers annual claims in excess of $25,000 per individual. Claims payable of $305,199 have been accrued as a liability based on an estimate provided from Administrative Service Consultants.

18. RISK MANAGEMENT (Continued)

The claims liability of $305,199 reported in the internal service fund at December 31, 2000 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs be reported. The incurred but not reported claims cannot be reasonably estimated and are not included in recorded claims payable. Changes in funds' claims liability amounts for 2000 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	$229,361	$1,119,102	$1,043,264	$305,199
1999	160,828	1,415,167	1,346,634	229,361
1998	50,158	1,364,523	1,253,853	160,828
1997	57,349	601,081	608,272	50,158

19. RELATED PARTY TRANSACTIONS

During 2000, Hardin County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of its programs to HARCO Industries, Inc. (workshop). HARCO Industries, Inc., which is one of the discretely presented component units of Hardin County, reported $25,076 for such contributions. HARCO Industries, Inc. recorded operating revenues and expenses at cost or fair market as applicable, to the extent the contribution is related to the vocational purpose of the workshop.

20. 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 is 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, 2000.

B. Containment Wall

The County and the Environmental Protection Agency (EPA) monitoring has detected unacceptable levels of contaminants down river from the landfill. The current suggested solution is probable to occur and will require a slurry containment wall. The estimated cost of the construction of the containment wall is $340,000 which is recorded in the General Long-Term Obligations Group in the accompanying financial statements.

C. Incurred but Not Reported Claims

There is no information to determine the dates which health care claims were incurred, consequently there is no reasonable method to estimate a liability for claims incurred but not reported.

HARDIN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED DECEMBER 31, 2000

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Ohio Department of Development			
Small Cities Community Development Block Grant:			
Entitlement Grant	14.228	$10,000	
		106,366	
Total United States Department of Housing and Urban Development		116,366	
U.S. DEPARTMENT OF JUSTICE			
Passed through Ohio Office of Criminal Justice			
Hardin County Juvenile Court			
CORE Program	16.579	80,260	
Alternative School	16.540	22,774	
Total United States Department of Justice		103,034	
U.S. DEPARTMENT OF LABOR			
Passed through Job Training Partnership Agency, Service Delivery Area #2			
Title IIA	17.246	19,662	
U.S. DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Education			
Special Education Cluster:			
Education Handicapped - Pre-School VI-B	84.173	6,788	
Title VI-B, Special Education Grants to States	84.027	15,795	
Total Special Education Cluster:		22,583	
Total United States Department of Education		22,583	
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Education			
Nutrition Cluster:			
School Lunch Program	10.555	622	
Food Distribution	10.550		1,168
Total Nutrition Cluster:		622	1,168
Total U.S. Department of Agriculture		622	1,168
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Mental Retardation and Developmental Disabilities			
Title XX	93.667	22,912	
Title XIX CAFS	93.778	138,709	
Total U.S. Department of Health and Human Services		161,621	
TOTAL FEDERAL FINANCIAL ASSISTANCE		$423,888	$1,168

The accompanying notes to this schedule are an integral part of this schedule

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures summarizes the activity of all federal award programs of Hardin County, Ohio. The County reporting entity is defined in Note 1 of the County's general-purpose financial statements. All federal awards received directly from federal agencies as well as federal financial assistance passed through other governmental agencies are included in the schedule.

The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

NOTE 2 - COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG)

Hardin County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants moneys for these loans to the County through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement in the year loaned and loans repaid , including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule.

These loans are collateralized by mortgages on the properties. The following represents the activity of the revolving loans, the amount of loans outstanding and the cash balance available for loan at December 31, 2000.

Small Business Revolving Loans	**Loans Receivable**	**Cash Balances**
Beginning Balance	371,724	317,401
Loan Principal Repayments /Cash Receipts	(87,706)	117,393
Loan and Grant Disbursements/ Disbursements	63,433	(73,812)
Ending Balances	347,451	360,982

NOTE 3 - FOOD SERVICES PROGRAMS - SIMON KENTON SCHOOL

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

NOTE 4 - OHIO DEPARTMENT OF HUMAN SERVICES

The Hardin County Department of Human Services, Children's Services Board, and Child Support Enforcement Agency received revenues from the State of Ohio Department of Human Services for the following federal programs:

Program	**CFDA Number**
Food Stamps	10.551
Social Services Block Grant	93.667
Child Support Enforcement	93.563
Foster Care	93.568
Adoption Assistance	93.659
Medical Assistance Program	93.778

These programs are subject to audit at the state level, and accordingly are not presented in the Schedule of Federal Awards Expenditures, however, the federal grant activity is presented in the financial statement section of our report.

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Hardin County
One Courthouse Square, Suite 100
Kenton, Ohio 43326

To the Board of County Commissioners:

We have audited the financial statements of Hardin County (the County) as of and for the year ended December 31, 2000, and have issued our report thereon dated June 25, 2001. We did not audit the financial statements of the component units, Harco Industries, Inc., which represent 10 percent and 34 percent, respectively, and Hardin County Housing Development, Inc., which represents 78 percent and 28 percent, respectively, of the assets and revenues of the component unit column. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, Harco Industries, Inc., and Hardin County Housing Development Inc., is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. The financial statements of the component units, Harco Industries, Inc. and County Housing Development, Inc., were not audited in accordance with *Government Auditing Standards* and accordingly this report does not extend to those component units.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item number 2000-60233-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated June 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated June 25, 2001.

This report is intended for the information and use of the Fiscal Report Review Committee, management, Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 25, 2001

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

Hardin County
One Courthouse Square, Suite 100
Kenton, Ohio 43326

To the Board of County Commissioners:

Compliance

We have audited the compliance of Hardin County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2000. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Hardin County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Internal Control Over Compliance
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Fiscal Report Review Committee, management, Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 25, 2001

HARDIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material non-compliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other reportable internal control weakness conditions reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Community Development Block Grant CFDA #14.228 Medical Assistance Program CFDA # 93.778
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

Finding Number	**2000-60233-001**

Ohio Rev. Code Section 5705.41 (D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

> Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from an any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
>
> Amounts less than $100 for Counties may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Forty-nine percent of the transactions tested were not certified by the County Auditor prior to making orders for the expenditure of the County funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to help assure compliance with this requirement, but to help prevent the unauthorized obligation of County funds.

HARDIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***:
1999-60233-001	Reconciliation of Support Enforcement Tracking System (SETS) Account	N/A	Finding no longer Valid: The County is no longer responsible for the reconciliation of the SETS account. All funds and the reconciliation are now the responsibility of the State of Ohio.
1999-60233-002	Medicare and Community Alternative Funding (CAFS) Internal Control	Yes	
1999-60233-003	Juvenile Court Federal Chronic Offender Reorientation Education (CORE) Grants Quarterly Reports	Yes	
1999-60233-004	Community Alternative Funding (CAFS) Internal Control	N/A	No longer considered a service organization.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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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
JULY 17, 2001