



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FINANCIAL CONDITION
HARRISON COUNTY**

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

Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Financial Condition
Harrison County
100 W. Market Street
Cadiz, Ohio 43907

To The Board of Commissioners:

We have audited the accompanying financial statements of Harrison County, Ohio, as of and for the year ended December 31, 2000. These financial statements are the responsibility of Harrison County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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. 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.

Ohio Administrative Code § 117-1-11 requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County, prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Harrison County, as of December 31, 2000, its combined receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated, April 9, 2001 on our consideration of the Harrison County's internal control over 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 financial statements of the County taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of management, board of commissioners, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 9, 2001

**FINANCIAL CONDITION
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$1,500,811	\$1,103,788		\$53,791		\$2,658,390
Special Assessments		10,638				10,638
Intergovernmental Receipts	411,122	6,845,375	\$124,916	234,512		7,615,925
Charges for Services	310,702	1,891,869				2,202,571
Licenses and Permits	1,645					1,645
Fines and Forfeitures	193,539	42,230				235,769
Miscellaneous	217,187	265,106	27,620	18,200	\$6,601	534,714
Total Cash Receipts	2,635,006	10,159,006	152,536	306,503	6,601	13,259,652
Cash Disbursements:						
Current:						
General Government						
Legislative and Executive	1,183,177	617,353				1,800,530
Judicial	564,065	308,509				872,574
Public Safety	571,208	327,228				898,436
Public Works	24,917	3,009,408		70,699		3,105,024
Health	7,370	255,306				262,676
Human Services	87,406	5,619,851				5,707,257
Miscellaneous	130,077				9,860	139,937
Debt Service:						
Principal Payments		161,805	105,229			267,034
Interest Payments		19,991	94,615			114,606
Capital Outlay				208,098		208,098
Total Cash Disbursements	2,568,220	10,319,451	199,844	278,797	9,860	13,376,172
Total Receipts Over/(Under) Disbursements	66,786	(160,445)	(47,308)	27,706	(3,259)	(116,520)
Other Financing Receipts/(Disbursements):						
Transfers-In		75,968				75,968
Advances-In	30,448	4,500				34,948
Transfers-Out	(52,853)	(23,115)				(75,968)
Advances-Out		(22,728)		(24,000)		(46,728)
Other Financing Sources	199,764	286,592				486,356
Other Financing Uses	(247,846)					(247,846)
Total Other Financing Receipts/(Disbursements)	(70,487)	321,217		(24,000)		226,730
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,701)	160,772	(47,308)	3,706	(3,259)	110,210
Fund Cash Balances January 1	36,191	1,109,620	10,412	149,167	61,133	1,366,523
Fund Cash Balances, December 31	\$32,490	\$1,270,392	(\$36,896)	\$152,873	\$57,874	\$1,476,733

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$255,756		\$255,756
Total Operating Cash Receipts	<u>255,756</u>		<u>255,756</u>
Operating Cash Disbursements:			
Personal Services	346,433		346,433
Total Operating Cash Disbursements	<u>346,433</u>		<u>346,433</u>
Operating Income/(Loss)	<u>(90,677)</u>		<u>(90,677)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	72,480		72,480
Other Non-Operating Receipts		<u>\$27,055,170</u>	<u>27,055,170</u>
Total Non-Operating Cash Receipts	<u>72,480</u>	<u>27,055,170</u>	<u>27,127,650</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		<u>26,643,389</u>	<u>26,643,389</u>
Total Non-Operating Cash Disbursements		<u>26,643,389</u>	<u>26,643,389</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(18,197)	411,781	393,584
Advances-In	24,000		24,000
Advances-Out	<u>(12,220)</u>		<u>(12,220)</u>
Net Receipts Over/(Under) Disbursements	(6,417)	411,781	405,364
Fund Cash Balances, January 1	<u>11,004</u>	<u>588,519</u>	<u>599,523</u>
Fund Cash Balances, December 31	<u><u>\$4,587</u></u>	<u><u>\$1,000,300</u></u>	<u><u>\$1,004,887</u></u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000**

Fund Types/ Funds	Budget	Actual	Variance Favorable (Unfavorable)
Governmental Fund Types:			
General Fund	\$2,820,249	\$2,834,770	\$14,521
Special Revenue Funds	10,109,521	10,521,566	412,045
Debt Service Funds	172,000	152,536	(19,464)
Capital Projects Funds	457,720	306,503	(151,217)
Proprietary Fund Types:			
Enterprise Fund	316,400	328,236	11,836
Fiduciary Fund Types:			
Trust Funds	<u>6,600</u>	<u>6,601</u>	<u>1</u>
Totals	<u>\$13,882,490</u>	<u>\$14,150,212</u>	<u>\$267,722</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
HARRISON COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
BUDGET AND ACTUAL COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2000**

Fund Types/ Funds	Prior Year Carryover <u>Appropriations</u>	2000 <u>Appropriations</u>	<u>Totals</u>	Actual <u>Disbursements</u>	Encumbrances Outstanding At 12/31/00	<u>Totals</u>	Variance Favorable (Unfavorable)
Governmental Fund Types:							
General Fund		\$2,915,233	\$2,915,233	\$2,868,919		\$2,868,919	\$46,314
Special Revenue Funds	\$17,860	12,125,275	12,143,135	10,342,566		10,342,566	1,800,569
Debt Service Funds		192,005	192,005	199,844		199,844	(7,839)
Capital Projects Funds		765,890	765,890	278,797		278,797	487,093
Proprietary Fund Types:							
Enterprise Fund		381,839	381,839	346,433		346,433	35,406
Fiduciary Fund Types:							
Trust Funds		63,070	63,070	9,860		9,860	53,210
Totals	<u>\$17,860</u>	<u>\$16,443,312</u>	<u>\$16,461,172</u>	<u>\$14,046,419</u>		<u>\$14,046,419</u>	<u>\$2,414,753</u>

The notes to the financial statements are an integral part of this statement.

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Harrison 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 general government, both executive and judicial, law enforcement, public works, public safety, health, welfare, conservation, and maintenance of highways, roads, and bridges. Taxes are levied, collected, and distributed to schools, townships, municipalities, and appropriate County funds.

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exercise direct operating control.

The funds of the District Board of Health and the Soil Conservation Service are subject to a separate audit. Consequently, these agencies and their financial transactions are excluded from Harrison County's financial statements.

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-1-11 to prepare its annual financial report in accordance with generally accepted accounting principles, the County chooses to prepare its financial statements on the basis accounting formerly prescribed or permitted by the Auditor of State. The basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts, gains or losses at the time of sales are recorded as receipts or disbursements accordingly.

D. Fund Accounting

The County maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Fund Types:

Governmental funds are those through which most governmental functions of the County are financed. The following are the County's governmental fund types:

General Fund

The General Fund is the operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund 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

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

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

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 proprietary funds or trust funds).

2. Proprietary Fund Types:

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the County's proprietary fund type:

Enterprise Fund

Enterprise funds are used to account for County activities that are financed and operated in a manner similar to private business enterprises where the intent 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.

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund Type:

Fiduciary fund types are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The County's fiduciary funds include expendable trust funds and agency funds.

E. Budgetary Process

Budget

A budget of estimated cash receipts and disbursements is submitted to the County auditor, as secretary of the County budget commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County budget commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2000, unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. POOLED CASH AND INVESTMENTS

The County maintains a cash and investment pool used by all funds.

Legal Requirements

Statutes require the classification of moneys held by the County into two categories.

Category A consists of "active" moneys, those moneys required to be kept in a "cash" or "near cash" status for current demands upon the County treasury.

Such moneys must be maintained either as cash in the County treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category B consists of "inactive" moneys, those moneys in excess of the amount considered to be "active" moneys. Inactive moneys may 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 and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, 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;

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. POOLED CASH AND INVESTMENTS (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) of (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio);
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 exceed five percent of the County's total average portfolio;
10. Bankers acceptances for a period not no 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At year-end, the carrying amount of the County's deposits was \$2,481,620 and the bank balance was \$2,557,788. The bank balance includes all department clearing accounts and all accounts for which the County acts as fiscal agent. Of the bank balance:

1. \$102,187 was covered by federal depository insurance, by collateral held by the County, or by collateral held by a qualified third party trustee in the name of the County;
2. \$2,455,601 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

For the purpose of this note presentation, the County had no qualifying investments as defined by the Government Accounting Standards Board (GASB).

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1996.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 1999, was \$10.92 per \$1000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$9.15 per \$1000 of assessed valuation for real property classified as residential/agricultural and \$9.96 per \$1000 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.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000 was \$10.92 per \$1000 of assessed valuation.

Real Property - 1999 Valuation	
Residential/Agricultural	\$ 122,221,240
Commercial/Industrial	26,747,360
Public Utilities	283,870
Tangible Personal Property - 2000 Valuation	
General	19,472,630
Public Utilities	<u>32,830,890</u>
Total Valuation	<u>\$ 201,555,990</u>

The Harrison County Treasurer collects property tax on behalf of all taxing districts within the County. The Harrison 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.

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2000, consisted of the following:

General Obligation Notes	
Principal Outstanding	\$173,975
Interest Rates	6.29%

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. DEBT OBLIGATIONS (Continued)

General Obligation Bonds		
Principal Outstanding	\$1,691,314	
Interest Rates	4.98-6.8%	
O.W.D.A. Loan		
Principal Outstanding	\$453,189	
Interest Rate	None	

Outstanding notes were of the general obligation type. Proceeds from the notes were used by the engineer's department for bridge replacements and county roads resurfacing. In addition, the Sheriff's Department used proceeds to purchase radio equipment.

Outstanding general obligation bonds are for the renovation and improvement of the county courthouse, renovation of the human services building, construction of a county garage, and purchase of road equipment. General obligation bonds are direct obligations of the County for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the County.

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2000, including interest payments of \$599,987 are as follows:

Year Ending December 31	General Obligation Bonds	General Obligation Notes
2001	\$ 261,942	\$ 45,471
2002	258,519	46,975
2003	195,764	25,063
2004	199,404	4,243
2005	197,706	4,243
2006-2010	841,629	21,216
2011-2015	328,078	19,981
2016-2020	<u> </u>	<u>15,042</u>
Total	<u>\$ 2,283,042</u>	<u>\$ 182,234</u>

O.W.D.A. Loans

The first Ohio Water Development Authority (O.W.D.A.) Loan is for utility construction projects. The full faith, credit, and revenue of the County have been pledged to repay these debts. The amounts payable as of December 31, 2000 are expected to be repaid from special assessments levied against the property owners who benefitted from these projects.

Such special assessments are receivable by the County and an equal amount of the debt payable to the Ohio Water Development Authority is due on the earlier of the following dates:

1. The date that the related parcel of land is no longer used for agricultural purposes; or

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. DEBT OBLIGATIONS (Continued)

2. Twenty years from the date the amounts were loaned to the County, with an extension being available for certain qualifying large agricultural properties.

The second Ohio Water Development Authority Loan is a planning loan for the removal of hazardous waste barrels that were buried on county property. At present, this is planning loan and in the future it will be rolled into a construction loan. At that time, an amortization schedule will be prepared.

5. RISK MANAGEMENT

The County maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80% coinsured.

6. PERMISSIVE SALES AND USE TAX (PIGGYBACK SALES TAX)

A County levied tax of one and one-half percent (1.5%) is applied on the storage, use, or other consumption, in the County, of motor vehicles, and on the storage, use, or other consumption, in the County, of tangible personal property. A Board of County Commissioners resolution provides that 84% of the proceeds of this tax are general fund revenue to be appropriated for general operating expenses and 16% of the proceeds of this tax are capital projects fund revenue to be appropriated for capital improvements. Total permissive sales and use tax (piggyback sales tax) receipts collected in 2000 amounted to \$1,074,670.

7. DEFINED BENEFIT PENSION PLANS

A. Public Employees Retirement System

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 \$599,153, \$713,700, and \$658,601, respectively; 83 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998.

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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 \$28,994, \$28,766, and \$31,130, respectively; 93 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998.

8. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

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.

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

8. POSTEMPLOYMENT BENEFITS (Continued)

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$22,933. The actual contribution and the actuarially required contribution amounts are the same. 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

Comprehensive health care benefits are provided to retired teachers and their dependents through 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. For the County, this amount equaled \$38,659 for 2000.

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.

FINANCIAL CONDITION
HARRISON COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Disbursements
U.S. Department of Education			
<i>Passed through the Ohio Department of Education:</i>			
Special Education Cluster			
Assistance to States for the Education of the Handicapped, Part B - Title VI-B	84 . 027	6B-SF-00P 6B-SF-01P	12,208 <u>4,836</u>
Total Special Education Cluster			<u>17,044</u>
Pre-school Grant	84 . 127	PG-S1-00 PG-S1-01	15,154 <u>5,539</u>
Total Pre-School Grant			<u>20,693</u>
Total U.S. Department of Education			37,737
Federal Emergency Management Agency			
<i>Passed Through the State Emergency Management Agency</i>			
Emergency Management Performance Grant	83.552	N/A	<u>16,923</u>
Total Federal Emergency Management Agency			16,923
U.S Department of Transportation			
<i>Passed through the State Emergency Management Agency</i>			
Interagency Hazardous Maerial Public Sector Training	20.703	N/A	<u>9,876</u>
Total U.S. Department of Transportation			9,876
U. S. Department of Housing and Urban Development			
<i>Passed through the Ohio Department of Development:</i>			
Community Development Formula Program	14.228	B-F-98-031-1 B-F-99-031-1 B-W-98-031-1	28,938 62,400 <u>52,000</u>
			143,338
Community Housing Improvement Program	14.228	BC-99-031-1	<u>185,027</u>
Total U.S. Housing and Urban Development			328,365
U. S. Department of Health and Human Services			
<i>Passed Through the Ohio Department of Mental Retardation and Developmental Disabilities</i>			
Social Services Block Grant - Title XX	93 . 667	MR - 34- FY00	8 , 752
Medicaid Cluster			
Medical Assistance Program	93 . 778		<u>159,598</u>
Total Medicaid Cluster			<u>159,598</u>
Total U.S. Department of Health and Human Services			168,350
U.S. Department of Justice			
Public Safety Partnership and Community Policing Grant	16.710	99 CMWX 2289 99 UMWX 2626	19,918 <u>12,451</u>
Total U.S. Department of Justice			32,369
Total U.S. Department of Labor (from JTPA Federal Schedule)			
			<u>169,510</u>
Total Federal Awards Expenditures			<u>\$763,130</u>

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

**FINANCIAL CONDITION
HARRISON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JOB TRAINING PARTNERSHIP ACT
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Grant Period	Allocation	Federal Disbursements
U.S. Department of Labor				
Passed through Ohio Bureau of Employment Services JTPA Cluster				
Job Training Partnership Act				
0-98-31-00-00	17.250	7/98 - 6/00	48,435	630
0-99-31-00-02	17.250	7/99 - 9/30	7,441	45,036
Y-98-31-00-00	17.250	7/98 - 6/00	33,356	1,940
Y-99-31-00-02	17.250	7/99 - 9/00	32,381	17,770
1-98-31-00-00	17.250	7/98 - 6/00	5,424	3,194
1-99-31-00-02	17.250	7/99 - 9/00	5,137	1,034
3-98-31-00-00	17.250	12/99 - 6/00	15,141	15,141
4-98-31-00-00	17.250	7/98 - 6/00	7,960	3,665
4-99-31-00-02	17.250	7/99 - 9/00	5,907	3,250
5-98-31-00-00	17.250	7/98 - 6/00	89,118	247
5-99-31-00-02	17.250	6/99 - 9/00	126,858	14,484
Total CFDA # 17.250			377,158	106,391
Employment and Training Assistance Dislocated Workers				
A-98-31-00-00	17.246	7/98 - 6/00	42,197	381
A-99-31-00-02	17.246	7/99 - 9/00	47,527	22,449
B-98-31-00-00	17.246	3/99 - 5/99	10,000	28
W-98-31-00-00	17.246	4/99 - 9/99	70,000	2,191
F-98-31-00-00	17.246	10/99 - 12/00	46,341	38,070
Total CFDA #17.246			216,065	63,119
Total U.S. Department of Labor			\$593,223	\$169,510

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

<u>Federal Receipts</u>	<u>Interest Income</u>	<u>Interest Expended</u>	<u>Obligations</u>	<u>Unexpended Allocation</u>	<u>Cash Balance</u>
47,510	56	56		12,449	
18,609	28	28		12,202	
500	2	2		4,162	
15,141					
3,609					
3,250	7	7		2,898	
9,500	11	11		40,936	
98,119	104	104		72,647	
25,000	36	36		9,773	
32,756	30	30			
57,756	66	66		9,773	
\$155,875	\$170	\$170		\$82,420	

**FINANCIAL CONDITION
HARRISON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

NOTE A - JOB TRAINING PARTNERSHIP ACT SCHEDULE

For programs which have a grant period which began in a previous fiscal year, unexpended allocation will not equal allocation less federal expenditures and obligations. In addition, federal receipts less federal expenditures will not equal cash balance. This is due to the fact that funding began in a previous fiscal year. These are carry-over funds. There are other receipts, expenditures and obligations that are not presented here due to the scope of the audit. Job Training Partnership Act revenue and expenditures are required to be reported on an accrual basis.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

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

Financial Condition
Harrison County
100 West Market
Cadiz, Ohio 43907

To Board of Commissioners:

We have audited the financial statements of Harrison County, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated April 9, 2001, in which we noted the County prepares its financial statements on a comprehensive basis of accounting other than generally accepted accounting principles, contrary to Ohio Administrative Code § 117-1-11. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Harrison 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as items 2000-61234-001 and 2000-61234-002. We also noted certain immaterial instances on noncompliance, which we have reported to management of Harrison County in a separate letter dated April 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Harrison 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Harrison County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-61234-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 Harrison County in a separate letter dated April 9, 2001.

This report is intended for the information and use of the management, board of commissioners, 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

April 9, 2001



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

Government Center
Federal Plaza West, Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Financial Condition
Harrison County
100 West Market Street
Cadiz, Ohio 43907

To The Board of Commissioners:

Compliance

We have audited the compliance of Harrison County, Ohio, 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. Harrison County's major federal program is 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 program is the responsibility of Harrison County's management. Our responsibility is to express an opinion on Harrison County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 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 Harrison 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 Harrison County's compliance with those requirements.

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

Internal Control Over Compliance

The management of Harrison 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 Harrison 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.

Financial Condition
Harrison County
Report of Independent Accountants on Compliance with Requirements
Applicable to Its Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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 management, board of 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

April 9, 2001

**FINANCIAL CONDITION
HARRISON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(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)?	YES
(d)(1)(iii)	Was there any reported 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):	CDBG FORMULA CFDA 14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	YES

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

<i>Finding Number</i>	2000-61234-001
------------------------------	-----------------------

Ohio Administrative Code § 117-1-11 requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The County's financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

The County should report in accordance with generally accepted accounting principles to avoid the assessment of penalties.

**FINANCIAL CONDITION
HARRISON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000
(Continued)**

<i>Finding Number</i>	2000-61234-002
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Ohio Rev. Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

Twenty-six of forty transactions tested were not properly certified by the County Auditor. The County should take the necessary measures to ascertain that the transactions are properly certified.

<i>Finding Number</i>	2000-61234-003
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The County Treasurer reconciles daily activity and fund balances with the fund balances maintained by the County Auditor. However, activity and fund balances are not reconciled with the depository balances on a regular basis. As a result, errors have occurred and have gone undetected, which has resulted in management not having an accurate picture of the County's finances.

The County Treasurer should reconcile monthly financial statements to the depository balance. Reconciling items should be supported by appropriate documentation and significant unusual items should be investigated. This reconciliation should be reviewed and approved by the appropriate level of management. The review and approval should be documented.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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<i>Finding Number</i>	
None	

**FINANCIAL CONDITION
HARRISON 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:
1999-61234-001	OAC § 117-1-11 Annual report was not filed in accordance with generally accepted accounting procedures.	No	Not corrected
1999-61234-002	Total fund balances are not reconciled to depository balances on a regular basis.	No	Not corrected
1999-61234-003	The County had not established an audit committee.	No	Not corrected
1999-61234-004	County Court did not prepare monthly reconciliations.	Yes	Reconciliations prepared monthly.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HARRISON COUNTY FINANCIAL CONDITION

HARRISON 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
JUNE 26, 2001