Note 1 - Description of Richland County and Reporting Entity

Richland County, Ohio (The County), was created in 1813. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, a Probate Court Judge, and a Domestic Relations/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budgeting and taxing authority, contracting body and the chief administrators of public services for the County, including each of these departments.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County. For Richland County, this includes the Children Services Board, the Board of Mental Retardation and Developmental Disabilities (MRDD), the Alcohol, Drug and Mental Health Board, the Human Services Department, the Richland County Emergency Management Agency, and all departments and activities that are directly operated by the elected County officials.

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

The component units column on the combined financial statements identifies the financial data of the County's discretely presented component unit, Richland Newhope Industries, Inc. It is reported separately to emphasize that it is legally separate from the County.

Richland Newhope Industries, Inc. (Workshop) The Workshop is a legally separate, nongovernmental, not-for-profit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Richland County Board of Mental Retardation and Developmental Disabilities (MRDD), provides sheltered employment for mentally retarded or handicapped adults in the County. The Richland County Board of MRDD provides the Workshop with some expenses and personnel for operation of the Workshop including staff salaries, transportation, equipment (except that used directly in the production of goods or rendering of services) staff to administer and supervises training programs, various financial reporting services, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to the retarded and handicapped adults of the County, the Workshop, is reflected as a component unit of Richland County. The Workshop operates on a fiscal year ending August 31. Separately issued financial statements can be obtained from Richland Newhope Industries, Inc. of Richland County.

The County Treasurer, as the custodian of public funds, invests all 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 but is not financially accountable for their operations. Accordingly, the activity of the following districts and entities are presented as agency funds within the basic financial statements:

County General Health District
Soil and Water Conservation District

The County is associated with certain organizations which are defined as Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools or Related Organizations. These organizations are presented in the notes to the basic financial statements (See Notes 20, 21 and 22). These organizations are:

County Risk Sharing Authority, Inc. (CORSA)
County Commissioners Association of Ohio Workers' Compensation Group Rating Plan
County Regional Planning Commission
DMARCK Consortium
Richland County Regional Solid Waste Management Authority
Richland County Youth and Family Regional Council of Governments
Richland County Metropolitan Park District
Richland County Transit Board
Mansfield\Richland County Public Library
Richland County Civic Center Authority

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 26.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The most significant of the County's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the single business-type activity of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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

B. Fund Accounting

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

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

> ***General Fund*** The general fund accounts 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.
>
> ***Mental Health Board*** The mental health board fund accounts for federal and State grants that are expended primarily to pay the costs of contracts with local mental health agencies that provide services to the public at large.
>
> ***Mental Retardation Board*** The mental retardation board fund accounts for the operation of a school and resident homes for the mentally retarded and developmentally disabled. Revenue sources include a County-wide property tax levy and federal and State grants.
>
> ***Public Assistance Fund*** The public assistance fund accounts for various federal and State grants as well as transfers from the general fund used to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

Special Assessment Bond Retirement Fund The special assessment bond retirement fund accounts for transfers and special assessments that are used for the payment of special assessment bonds with governmental commitment and related interest.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the County accounts for sewer services provided to individuals and commercial users in the majority of the unincorporated areas of the County.

Internal Service Fund Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County's internal service fund accounts for a medical benefit self-insurance program for employees of the County.

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

The County's fiduciary funds are private-purpose trust funds and agency funds. The private-purpose trust funds are amounts held in trust for certain residents of the County Home and for certain children in the custody of Children's Services. The agency funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of other local governments.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the County are included on the Statement of Net Assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

The private purpose trust funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: sales tax (see Note 8), interest, federal and state grants and subsidies, state- levied locally shared taxes (including motor vehicle license fees and gasoline taxes),fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2000, but which were levied to finance year 2001 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process - GASB 38 eliminates budget policies as a recommended disclosure.

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated.

Budgetary information for the Children Trust Private-Purpose Trust Fund is not reported because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain a separate budgetary record. The legal level of budgetary control is at the object level within each department. Although statutory law requires that all funds be budgeted, it is not necessary to do so if the County Commissioners do not anticipate any cash activity and none occurs. Therefore, the Cops Ahead, Sheriff Chaplain, DUI Grant, Big Wheel, Federal Revenue Sharing, Metrich Special Prosecutor, Underwater Search Recovery, Screening and Diversion, Willow Subdivision, and Facilities Approval Services Team Special Revenue Funds, Regional Correction Juvenile Facility, Cook Road Extension, Gorman Nature Capital Improvement, Multi-Agency Building, Children's Services Building, Beatty Clinic, Energy Conservation, Bike Trail Improvement, Rocky Fork Improvement, and North Mulberry Building Capital Projects Funds are not included in the budgetary presentation. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget A budget of estimated revenues and expenditures 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 reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The 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 revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2000.

Appropriations A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, program, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for that fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the budgetary comparisons represent the final appropriation amounts passed by the Commissioners prior to year end, including all amendments and modifications.

Budgeted Level of Expenditures Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for the purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (i.e. General Fund - Commissioners - salaries, supplies, equipment, contract repairs, travel expenses, maintenance, other expenses, etc.).

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

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds. (GASB 38 rescinds the requirement for this disclosure.)

F. Cash, Cash Equivalents, and Investments

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

During 2000, investments were limited to Repurchase Agreements, Federated Fortress Government Mutual Fund, Government Treasury Certificates, Federal Home Loan Bank Bonds, Huntington Banker's Acceptance, Federal Home Loan Mortgage Corporation Bonds, Federal Home Loan Mortgage Corporation Debentures, Federal National Mortgage Association Discount Notes, Federal Farm Credit Bank Discount Notes, STAR Ohio, Commercial Paper, Negotiable Certificates of Deposit, and Money Market Investment.

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 certificate of deposit are reported at cost. The fair value of the mutual fund is determined by the fund's December 31, 2000, share price. Any increase or decrease in fair value is reported as a component of interest income.

The County has invested funds in the State Treasury Assets Reserve of Ohio (STAR Ohio) during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during 2000 amounted to $2,624,422, which includes $2,527,297 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank accounts. These accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the County treasury.

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

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net assets and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of five hundred dollars. The County's infrastructure consists of roads, bridges and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized.

All reported capital assets are depreciated except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	20 years
Buildings	45 years	45 years
Machinery and Equipment	6 - 20 years	6 - 20 years
Infrastructure	25 - 40 years	25 - 40 years

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

The County reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences" as interpreted by Interpretation No. 6 of the GASB, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the County's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability in the governmental fund financial statements when due.

M. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory, loans (community development block grant monies loaned to local businesses and monies loaned to the County Fair Board) and unclaimed monies. Under Ohio law, unclaimed monies are not available for appropriation until they have remained unclaimed for five years.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater treatment and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2000.

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles For 2000, the County has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting the County's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the County's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 1999, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

Restatement of Fund Balance During 2000, it was determined equity in pooled cash and cash equivalents, taxes receivable, accounts receivable, due from other governments, capital assets, contracts payable, compensated absences and deferred revenues were misstated. These restatements had the following effects on fund balance of the major and nonmajor funds of the County as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Mental Health Board	Mental Retardation Board	Public Assistance	Special Assessment Bond Retirement
Fund Balance December 31, 1999	$1,151,026	$2,225,074	$17,835,974	($311,894)	$48,611
Equity in Pooled Cash and Cash Equivalents	0	0	0	0	23,839
Taxes Receivable	0	(43,816)	(232,771)	0	0
Due from Other Governments	0	952,430	0	0	0
Contracts Payable	0	(532,618)	0	0	0
Deferred Revenue	0	43,816	232,771	0	0
GASB Interpretation No. 6	28,214	2,056	15,159	27,437	0
GASB 33 Adjustments:					
Taxes Receivable	2,773,835	0	0	0	0
Accounts Receivable	76,591	0	0	0	0
Due from Other Governments	1,615,049	898,444	606,962	0	0
Deferred Revenue	(4,465,475)	(898,444)	(606,962)	0	0
Adjusted Fund Balance, December 31, 1999	$1,179,240	$2,646,942	$17,851,133	($284,457)	$72,450

(continued)

(continued)	Nonmajor	Total
Fund Balance December 31,1999	$3,508,860	$24,457,651
Equity in Pooled Cash and Cash Equivalents	(23,839)	0
Taxes Receivable	(82,154)	(358,741)
Due from Other Governments	339,920	1,292,350
Loans receivable	55,098	55,098
Contracts Payable	(24,450)	(557,068)
Deferred Revenue	11,969	288,556
GASB Interpretation No. 6	31,154	104,020
GASB 33 Adjustments:		
Taxes Receivable	0	2,773,835
Accounts Receivable	10,456	87,047
Due from Other Governments	6,121,964	9,242,419
Deferred Revenue	(6,132,420)	(12,103,301)
Adjusted Fund Balance Balance, December 31, 1999	$3,816,558	25,281,866
GASB 34 Adjustments:		
Capital Assets		65,671,518
Internal Service Fund		(1,429,903)
Long-Term Liabilities		(25,476,020)
Accrued Interest		(102,471)
Pension Obligation		(118,907)
Long-Term (Deferred) Assets		30,946,582
Governmental Activities Net Assets, December 31, 1999		$94,772,665

During 2000, it was determined that capital assets in the enterprise fund were misstated. These restatements had the following effect on fund equity as it was previously reported:

	Enterprise
Fund Equity December 31, 1999	$27,026,828
Capital Assets	(1,778,527)
Adjusted Net Assets, December 31, 1999	$25,248,301

Note 4 - Budgetary Basis of Accounting

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual are presented in the basic financial statements for the General Fund and Major Special Revenue Funds. The major differences for those funds between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Outstanding year end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance for governmental fund types (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:

Net Change in Fund Balance
General and Major Special Revenue Funds

	General	Mental Health Board	Mental Retardation Board	Public Assistance
GAAP Basis	$1,474,017	($1,178,336)	$2,141,985	($488,859)
Net Adjustment for Revenue Accruals	(1,029,918)	(1,179,501)	(170,802)	978,182
Unreported Cash	(67,875)	113	14,662	0
Change in Fair Value of Investments	561,572	0	562	0
Net Adjustment for Expenditure Accruals	(206,863)	244,198	(207,341)	(165,028)
Encumbrances	(347,712)	(191,445)	(777,498)	(689,980)
Budget Basis	$383,221	($2,304,971)	$1,001,568	($365,685)

Note 5 - Accountability and Compliance

A. Accountability. The following funds had a deficit fund balance/net assets of December 31, 2000:

	Deficit Fund Balance/ Net Assets
Special Revenue Funds:	
Public Assistance	$773,886
Certificate of Title	405,516
Dayspring	13,963
Capital Projects Funds:	
Children's Services Building	92,215
Madison Township Sewer A	733,827
Energy Conservation	486,755
Attention Center	1,207,540
North Mulberry Building	33,178
Eastview\Heatherwood	22,628
Child Support Enforcement Agency	1,034,302
Road Improvement	278,445
Employee Health Insurance Internal Service Fund	369,790

The deficits in the special revenue funds are caused by the application of generally accepted accounting principles to these funds. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The deficits in the other capital projects funds arose from the requirement to report bond anticipation note liabilities in the fund which received the note proceeds. The deficits will be alleviated when the bonds are issued or when the notes are paid.

The Employee Health Insurance internal service fund had a deficit net assets of $369,790 at December 31, 2000. Management has made several changes in the internal service fund including rate increases and a more careful review of claim payments.

B. Compliance. (This is being added to illustrate disclosure of this type of compliance violation and the actions taken to address such violations. This was NOT part of the Richland County report.) During the year the County had numerous budgetary violations in which expenditures plus encumbrances exceeded appropriations at the legal level of control. The County now requires as part of revised written policy that the amount of each purchase order be compared to available appropriations prior to its release to the vendor.

Note 6 - Deposits and Investments

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

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or 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 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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bond and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 specific obligations 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."

Cash on Hand At year-end, the County had $691,356 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 was $3,926,117 and the bank balance was $8,363,370. Of the bank balance $1,045,169 was covered by federal depository insurance and $30,978 was covered by NCUA. The remaining amounts were uninsured and uncollateralized. Although the securities were 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 requirements could potentially subject the County to a successful claim by the FDIC.

Investments The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty'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 counterparty, or by its trust department or agent but not in the County's name. STAR Ohio, Federated Fortress Government Mutual Fund and Money Market Investment are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	$10,047,574	$10,047,574	$10,047,574
Government Treasury Certificates	19,846,346	19,846,346	19,846,346
Federal Home Loan Bank Bonds	4,252,295	4,252,295	4,252,295
Federal Home Loan Mortgage Corporation Bonds	2,899,450	2,899,450	2,899,450
Federal Farm Credit Bank	5,502,550	5,502,550	5,502,550
Commercial Paper	736,375	736,375	736,375
STAR Ohio		343,494	343,494
Federated Fortress Government Mutual Fund (open ended mutual fund)		2,804,752	2,804,752
Money Market Investment		624,190	624,190
Total	$43,284,590	$47,057,026	$47,057,026

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

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	$51,674,499	$0
Investments which are part of a cash management pool:		
Federal Home Loan Bank Bonds	(4,252,295)	4,252,295
Repurchase Agreement	(10,047,574)	10,047,574
Federated Fortress Government Mutual Fund	(2,804,752)	2,804,752
Government Treasury Certificates	(19,846,346)	19,846,346
Commercial Paper	(736,375)	736,375
Federal Home Loan Mortgage Corporation Bonds	(2,899,450)	2,899,450
Federal Farm Credit Bank	(5,502,550)	5,502,550
Money Market Investment	(624,190)	624,190
Investment in State Treasurer's Investment Pool	(343,494)	343,494
Unreported Cash	(691,356)	0
GASB Statement 3	$3,926,117	$47,057,026

Note 7 - Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property Tax revenue received during 2000 for real and public utility property taxes represents collections of 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all County operations for the year ended December 31, 2000, was $9.00 per $1,000 of assessed value. When the permissive sales tax increase was approved, the County agreed to suspend the general fund 2 mill tax levy. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	$1,519,985,170
Public Utility	121,725,910
Tangible Personal Property	314,171,850
Total Assessed Value	$1,955,882,930

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2000 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2000 operations. The receivable is therefore offset by deferred revenue.

Note 8 - Permissive Sales and Use Tax

In 1999, the County Commissioners by resolution increased the permissive sales and use tax from .75 percent to 1.25 percent on all retail sales, except sales of motor vehicles, made in the County, and on the storage, use, or consumption in the County of tangible personal property, including automobiles, not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer 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 each month. The State Auditor then has five days in which to draw the warrant payable to the County.

A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2000. On a full accrual basis, the full amount of the receivable is recognized as revenue. On a modified accrual basis, the amount of the receivable that will be received outside of the available period is deferred.

Note 9 - Receivables

Receivables at December 31, 2000, consisted of taxes, interest, special assessments, accounts (billings for user charged services, including unbilled utility services), and intergovernmental receivables arising from grants, entitlements and shared revenues. Management believes all receivables are fully collectible. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. The County has $1,138,464 in delinquent special assessments at December 31, 2000.

Special assessments expected to be collected in more than one year amount to $15,804,755 in the Special Assessment Debt Retirement Fund. A portion of the accounts receivable in the Sewer Fund represents delinquent sewer accounts being collected by special assessment and includes $151,294 which is expected to be collected in more than one year. The accounts receivable in the General Obligation Bond Retirement Fund is from the sale of the County landfill and includes $892,740 which is expected to be collected in more than one year.

A summary of the principal items of intergovernmental receivables follows:

General Fund	
Local Government and Revenue Assistance	$1,764,480
Grant and Subsidies	18,848
Miscellaneous	62,703
Total General Fund	1,846,031
Special Revenue Funds	
Mental Health Property Tax Rollbacks and Exemptions	93,503
Mental Health Grant and Subsidies	2,965,141
Child Support Enforcement Agency Grant and Subsidies	340,755
MRDD Property Tax Rollbacks and Exemptions	479,368
MRDD Grant and Subsidies	1,753,545
Other MRDD	18,000
CDBG Grant and Subsidies	66,950
Youth Services Grant and Subsidies	406,133
Motor Vehicle License Tax and Gas Tax	1,751,388
Children Services Property Tax Rollbacks and Exemptions	167,774
Children Services Grant and Subsidies	2,450,713
Public Defender Reimbursements	106,938
Other Public Safety Grants and Subsidies	22,874
Other Grant and Subsidies	56,652
Miscellaneous	3,158
Total Special Revenue	10,682,892
Capital Projects	
Road and Bridge	296,600
Total Governmental Funds	$12,825,523

The County has loaned the Richland County Fair Board $159,000. These loans and community development block grant monies loaned to local businesses ($163,443) are classified as loans receivable on the balance sheet and are also considered collectible in full These include $113,500 and $151,443 respectively which are expected to be collected in more than one year.

Receivables and payables to be recorded on the County's financial statements are recorded to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectibility. Using this criterion, the County has elected not to record child support arrearages within the special revenue and agency fund types. These amounts, while potentially significant, are not considered measurable, and because collections are often significantly in arrears, the County is unable to determine a reasonable value.

Note 10 - Federal Food Stamp Program

The County's Department of Human Services distributed through contracting issuance centers, federal food stamps to entitled recipients within Richland 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 these stamps is not reflected in the accompanying financial statements as the only economic interest related to these stamps rests with the ultimate recipient. Federal food stamps activity for the year is as follows:

Balance at beginning of year	$1,598,497
Amount returned to County	191
Amount transferred out	(1,567,750)
Amount distributed to entitled recipients	(3,580)
Balance at end of year	$27,358

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2000, was as follows:

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Governmental activities:				
Capital assets not being depreciated:				
Land	$1,678,012	$163,025	$0	$1,841,037
Construction in process	1,778,788	2,207,455	0	3,986,243
Total capital assets not being depreciated	3,456,800	2,370,480	0	5,827,280
Other capital assets:				
Land improvements	59,079	0	0	59,079
Buildings	19,322,585	1,341,297	0	20,663,882
Machinery and equipment	13,474,586	980,652	872,676	13,582,562
Infrastructure	82,369,901	2,398,719	1,440,773	83,327,847
Total other capital assets	$115,226,151	$4,720,668	$2,313,449	$117,633,370

(continued)

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
(continued)				
Accumulated depreciation:				
Land improvements	($12,218)	($3,968)	$0	($16,186)
Buildings	(6,963,632)	(510,563)	0	(7,474,195)
Machinery and equipment	(8,301,914)	(1,054,997)	713,987	(8,642,924)
Infrastructure	(37,733,669)	(2,197,822)	1,440,773	(38,490,718)
Total accumulated Depreciation	(53,011,433)	(3,767,350)	2,154,760	(54,624,023)
Other capital assets, net	62,214,718	953,318	(158,689)	63,009,347
Governmental activities capital assets, net	$65,671,518	$3,323,798	($158,689)	$68,836,627

Construction in process includes assets that upon completion will be transferred to the sewer enterprise fund. Construction costs are being funded from notes payable proceeds that will eventually be paid from the proceeds of special assessment bonds.

Depreciation expense was charged to functions as follows:	
Governmental Activities:	
Legislative and Executive	$326,280
Judicial	115,986
Public Safety	216,164
Public Works	2,454,444
Health	431,774
Human Services	214,894
Conservation and Recreation	7,808
Total Governmental Activities Depreciation Expense	$3,767,350

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Business-type activities:				
Capital assets not being depreciated:				
Land	$31,000	$0	$0	$31,000
Construction in process	1,683,866	71,661	1,755,527	0
Total capital assets not being depreciated	1,714,866	71,661	1,755,527	31,000
Other capital assets:				
Buildings	5,993,275	0	0	5,993,275
Machinery and equipment	363,171	10,126	9,392	363,905
Infrastructure	25,715,486	1,755,527	0	27,471,013
Total other capital assets	$32,071,932	$1,765,653	$9,392	$33,828,193

(continued)

	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
(continued)				
Accumulated depreciation:				
Buildings	($1,733,474)	($133,184)	$0	($1,866,658)
Machinery and equipment	(239,786)	(20,650)	9,392	(251,044)
Infrastructure	(6,986,843)	(926,195)	0	(7,913,038)
Total accumulated Depreciation	(8,960,103)	(1,080,029)	9,392	(10,030,740)
Other capital assets, net	23,111,829	685,624	0	23,797,453
Business-type activities capital assets, net	$24,826,695	$757,285	$1,755,527	$23,828,453

The only business-type activity is the County sewer operation.

Note 12 - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2000, the County contracted with County Risk Sharing Authority (CORSA) for liability, property and crime insurance. The CORSA program has a $2,500 deductible. Coverages provided by CORSA are as follows:

General Liability	$1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Official Errors and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorists Liability	250,000
Ohio Stop Gap (Additional Workers' Compensation Coverage)	150,000
Building and Contents - Replacement Cost	87,525,584
Other Property Insurance:	
Extra Expense	1,000,000
Contractors Equipment - Actual Cash Value	1,790,689
Valuable Papers and Records	1,000,000
Automobile Physical Damage	100,000,000
Flood and Earthquake	87,525,584
Motor Truck Cargo	100,000
Comprehensive Boiler and Machinery	50,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities	1,000,000
Food Stamp Coverage	200,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA (See Note 20). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. The County pays all elected officials' bonds by statute.

For 2000, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. (See Note 20) The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County has established an Employee Health Insurance Fund (an internal service fund) to account for and finance employee health benefits. Under this program, the Employee Health Insurance Fund provides coverage for up to a maximum of $100,000 for each individual claim. The County purchases commercial insurance for claims in excess of coverage provided by the Fund and for all other risks of loss.

All funds of the County participate in the program and make payments to the Employee Health Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The liability for unpaid claims costs of $892,000 reported in the Employee Health Insurance Fund at December 31, 2000 is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Certain financial activity related to the claims liability for 1999 and 2000 were:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
1999	$865,000	$6,436,536	$5,818,943	$1,482,593
2000	1,482,593	5,651,271	6,241,864	892,000

Note 13 - Defined Benefit Retirement Plans

A. Public Employees Retirement System

All County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system 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 which 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 istituted 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 enforcemnt 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 required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were $2,387,434, $3,059,890, and $2,869,248, respectively. The full amount has been contributed for 1999 and 1998. 91.1 percent has been contributed for 2000 with the remainder being reported as a liability within the enterprise fund (business-type activity) and the governmental activities due to other governments.

B. State Teachers Retirement System

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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. That 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 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 for pension obligations to STRS for the years ended December 31, 2000, 1999, and 1998 were $39,807, $39,828, and $56,860, respectively. The full amount has been contributed for 1999 and 1998. 86.0 percent has been contributed for 2000 with the remainder being reported as a fund liability.

Note 14 - 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 to 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. 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 2000 employer contribution rate 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 15.70 percent and 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 0.54 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 participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were $1,497,193. 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 availble) 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 an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Sice 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 (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. Pursuant to the Ohio Revised Code, the State Teachers Retirement Board has discretionary 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. Beginning July 1, 1997, this allocation was increased to 3.5 percent. For the County this amount equaled $53,076 during 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.

Note 15 - Compensated Absences

County employees earn vacation and sick leave at varying rates depending on length of service and department policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with the County. Accumulated, unused sick leave is paid, up to a maximum of 30 days, depending on length of service to employees who retire.

Note 16 - Capital Leases - Lessee Disclosure

The County has entered into a capital lease for a building. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the general purpose financial statements for the governmental funds. The building acquired by lease is included in governmental activities general capital assets in the amount of $1,680,914, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is included in governmental activities general long term debt. Principal payments in 2000 totaled $176. Future minimum lease payments are as follows:

Year	Amount
2001	$175,000
2002	175,000
2003	175,000
2004	175,000
2005	175,000
2006-2010	875,000
2011-2015	875,000
2016-2020	875,000
2021-2025	875,000
2026-2030	875,000
2031-2035	875,000
2036-2040	875,000
2041-2045	875,000
2046-2050	875,000
2051-2055	875,000
2056-2060	875,000
2061-2065	875,000
2066	87,497
Total	11,462,497
Less: Amount Representing Interest	(9,797,600)
Present Value of Net Minimum Lease Payments	$1,664,897

Note 17 - Long-Term Debt

The original issue date, interest rate and original issuance amount for each of the County's bonds follows:

	Original Issue Date	Interest Rate	Original Issue Amount
General Obligation Bonds			
Series B Human Services	1988	0.05-15%	$937,116
Series B Refuse Station Building	1988	0.05-15	1,207,884
Series A Park Building Acquisition and Renovation	1990	9.45	470,000
Capital Facilities	1997	4.15-5.55	5,720,000
Capital Facilities Refunding	1998	3.75-4.35	2,170,000
Health Facility Improvements	1992	5.6-6.0	910,000
Special Assessment Bonds			
Crestwood Hills Sewer Improvement	1988	7.5	$805,000
Series A Hanna Road and I-71 Sewers	1988	.05-15	3,755,000
Madison Sewer Improvement	1995	3.80-6.95	9,750,000
Marlow Heights Sewer	1999	4.0-5.75	740,000

Changes in the County's long-term obligations during the year consisted of the following:

	Outstanding 12/31/99	Additions	Reductions	Outstanding 12/31/00	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Series B Human Services	$632,238	$0	$45,875	$586,363	$48,060
Series B Refuse Station Building	802,762	0	59,125	743,637	61,940
Series A Park Building Acquisition and Renovation	360,000	0	20,000	340,000	20,000
Capital Facilities	4,880,000	0	340,000	4,540,000	355,000
Capital Facilities Refunding	2,055,000	0	125,000	1,930,000	135,000
Health Facility Improvements	690,000	0	35,000	655,000	40,000
Total General Obligation Bonds	9,420,000	0	625,000	8,795,000	660,000

(continued)

	Outstanding 12/31/99	Additions	Reductions	Outstanding 12/31/00	Amounts Due in One Year
(continued)					
Special Assessment Bonds:					
Crestwood Hills Sewer Improvement	360,000	0	40,000	320,000	40,000
Series A Hanna Road and 1371 Sewers	2,510,000	0	180,000	2,330,000	190,000
Madison Sewer Improvement	8,465,000	0	355,000	8,110,000	370,000
Marlow Heights Sewer	740,000	0	15,000	725,000	20,000
Total Special Assessment Bonds	$12,075,000	$0	$590,000	$11,485,000	$620,000
Other General Long-Term Obligations:					
Compensated Absences	$2,315,947	$1,112,494	$1,075,842	$2,352,599	$1,132,696
Capital Leases	1,665,073	0	176	1,664,897	195
Total Other Long-Term Obligations	3,981,020	1,112,494	1,076,018	4,017,496	1,132,891
Total Governmental Activities	$25,476,020	$1,112,494	$2,291,018	$24,297,496	$2,412,891
Business Type-Activities Compensated Absences	$29,057	$14,130	$13,093	$30,094	$14,016

All general obligation bonds are supported by the full faith and credit of the County. General obligation bonds will be paid from rental charges to the County departments and other tenants who occupy the facilities ($6,874,588) and from taxes.

Special assessment debt will be paid from the proceeds of special assessments levied against benefitted property owners. The special assessment bonds are backed by the full faith and credit of the County. In the event that an assessed property owner fails to make payments, the County will be required to pay the related debt.

The Series A and B general obligation and special assessment bonds maturing on or after December 1, 2000 are subject to optional redemption at the direction of the County, either in whole or in part in integral multiples of $5,000, in inverse order of maturity, on any June 1 or December 1, commencing December 1, 2000, at the redemption prices (expressed as percentages of the principal amount redeemed) set forth below:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 1998 through November 30, 1999	102%
December 1, 1999 through November 30, 2000	101
December 1, 2000 and thereafter	100

The County Facilities general obligation bonds maturing on or after December 1, 2002 are subject to optional redemption at the direction of the County, either in whole or in part in integral multiples of $5,000, in inverse order of maturity, on any June 1 or December 1, commencing December 1, 2001, at the redemption prices (expressed as percentages of the principal amount redeemed) set forth below:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2001 through November 30, 2002	102%
December 1, 2002 through November 30, 2003	101
December 1, 2003 and thereafter	100

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Mental Health Board, Certificate of Title, Dog and Kennel, Mental Retardation Board, Public Assistance, Real Estate Assessment, Motor Vehicle License and Gas Tax, Children's Services, Dayspring, Child Support Enforcement Agency, Other Public Safety and Visitors' Convention Center. The capital lease obligations will be paid from the Mental Retardation Board special revenue fund as that department occupies the building.

On October 8, 1998, the County issued $2,170,000 in General Obligation Bonds for the purpose of advance refunding $385,000 1990 Series A Goodyear and Super X Building Acquisition bond and the $1,645,000 1991 Capital Facilities bond. As of December 31, 2000, $1,430,000 of these bonds are considered defeased by assets of $1,485,943 held in the irrevocable trust.

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 should not 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 should not 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 at December 31, 2000, are an overall debt margin of $42,267,968 and an unvoted debt margin of $14,429,724. The following is a summary of the County's future annual debt service requirements for bonded debt:

	General Obligation		Special Assessment	
Year	Principal	Interest	Principal	Interest
2001	$660,000	$454,552	$620,000	$634,259
2002	695,000	420,825	655,000	600,046
2003	730,000	384,573	690,000	563,256
2004	715,000	346,142	725,000	524,021
2005	745,000	307,577	765,000	482,079
2006-2010	3,010,000	1,016,160	4,070,000	1,736,888
2011-2015	1,665,000	399,352	3,685,000	709,918
2016-2020	575,000	48,286	275,000	50,313
Total	$8,795,000	$3,377,467	$11,485,000	$5,300,780

Note 18 - Notes Payable

A summary of the note transactions for the year ended December 31, 2000, follows:

	Outstanding 12/31/99	Issued	Retired	Outstanding 12/31/00
Capital Projects Funds:				
4.65% Road Improvement Note	$0	$300,000	$0	$300,000
4.26-5.00% Energy Conservation	510,000	482,000	510,000	482,000
3.72-4.85% Juvenile Detention Center	$1,100,000	$1,210,000	$1,100,000	$1,210,000
4.40-5.10% Building Improvement	$910,000	$1,055,000	$910,000	$1,055,000
4.32-4.70% Madison Township Sewer	945,000	895,000	945,000	895,000
4.26-5.00% Building Purchase Note	200,000	110,000	200,000	110,000
4.32-4.85% County Office Building	210,000	100,000	210,000	100,000
4.40-4.85% Eastview & Heatherwood Sewer	3,000,000	3,000,000	3,000,000	3,000,000
Total Capital Projects Funds	6,875,000	7,152,000	6,875,000	7,152,000
Enterprise Funds:				
4.32-4.85% Sewer Planning Note	282,000	194,000	282,000	194,000
Total	$7,157,000	$7,346,000	$7,157,000	$7,346,000

All of the notes are bond anticipation notes, are backed by the full faith and credit of Richland County, and mature within one year. The note liability is reflected in the fund which received the proceeds. The two sewer project notes in the capital projects funds, which are special assessment projects, will result in the infrastructure assets being transferred to the sewer fund upon completion of each project.

Note 19 - Interfund Balances and Transfers

Interfund balances at December 31, 2000, consisted of the following amounts and represent charges for services or reimbursable expenses except for a $50,600 transfer from the General Fund to the Children's Services Fund approved and authorized in 2000 but not made until 2001. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting, and (3) payments between funds are made. All are expected to be paid within one year.

Due to	Due from: General Fund	Mental Health Board	Mental Retardation Board	Public Assistance	Sewer Fund	Non-major Govt.	Total
General fund		$2,025	$2,025	$1,013	$1,013	$4,051	$10,127
Nonmajor governmental funds	$50,938		5,568	45,741		400	102,647
Internal service				153,260			153,260
	$50,938	$2,025	$7,593	$200,014	$1,013	$4,451	$266,034

Interfund transfers for the year ended December 31, 2000, consisted of the following:

Transfer to	Transfer from: General Fund	Mental Health Board	Sewer Fund	Non-major Govt.	Total
Public assistance	$468,827				$468,827
Special assessment bond retirement			$134,612		134,612
Sewer	17,627				17,627
Nonmajor governmental funds	1,723,583	$1,000,000	74,635	$171,750	2,969,968
	$2,210,037	$1,000,000	$209,247	$171,750	$3,591,034

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

The County had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer. (This negative assurance is not required. Its purpose is to serve as a reminder of the potential additional disclosures for transfers.)

Note 20 - Public Entity Risk Pools

A. County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc., is a public entity risk sharing pool among thirty-nine 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.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation 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.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The County's payment for insurance to CORSA in 2000 was $411,073.

Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

B. County Commissioners 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 of the group executive committee in any year, and each elected member shall be a County Commissioner.

Note 21 - Joint Organizations

A. County Regional Planning Commission

The County participates in the Richland County Regional Planning Commission which is a statutorily created political subdivision of the State. The Commission is a joint venture among Richland County, municipalities and townships. Of the 33 members, the County appoints 14. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Continued existence of the Commission is dependent on the County's continued participation; however, the County does not have an equity interest in the Commission. The Commission is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the County. In 2000, the County contributed $40,000 which represents 7.77 percent of revenues received. Complete financial statements can be obtained from the Regional Planning Commission, Richland County, Ohio.

B. DMARCK Consortium

The DMARCK Consortium (DMARCK) is a jointly governed organization between Richland, Delaware, Morrow, Ashland, Crawford and Knox Counties. DMARCK was established to conduct the employment and training administration program established by federal and state requirements. DMARCK is governed by a board of directors consisting of eighteen representatives designated by the county commissioners (3 from each county). The degree of control exercised by any participating county is limited to its representation on the Board. The County does not maintain an ongoing financial interest in or an ongoing financial responsibility for the DMARCK Consortium. During 2000, the County did not make any contributions to DMARCK. Complete financial statements can be obtained from the DMARCK Consortium, 1495 West Longview Ave Ste 101, Mansfield, Ohio 44906.

C. Richland County Regional Solid Waste Management Authority

The Richland County Regional Solid Waste Management Authority is a jointly governed organization. The Board of Trustees is made up of seven members. These members consist of one Richland County Commissioner or designee appointed by the Commissioners, one township trustee elected by the 18 township trustee units, the mayor of Mansfield or his designee, the Commissioner of the Mansfield/Richland County Health Department or designee, one person appointed representing industrial, commercial or institutional generators, one person representing the general interests of the citizens of Richland County and one person representing the public pursuant to the Ohio Revised Code. The County did not contribute to the Authority during 2000.

D. Richland County Youth and Family Regional Council of Governments

The Richland County Youth and Family Regional Council of Governments is a jointly governed organization between the Richland County Mental Health Board, Richland County Children Services Board, Mansfield City Schools, Richland County School Board, Richland-Mansfield Public Health Board, and the Richland County Board of MR/DD. The Council is governed by a board of trustees consisting of a representative from each participant, the Judge of Domestic Relations and Juvenile Court of Richland County and three members from the Advisory Committee. The degree of control exercised by any participating entity is limited to its representation on the Board. The County does not maintain an ongoing financial interest in or an ongoing financial responsibility for the Council. Mansfield City Schools acts as the fiscal agent for the Council. The County did not contribute to the Council during 2000.

Note 22 - Related Organizations

A. Richland County Metropolitan Park District

The three Park Commissioners are appointed by the Probate Judge of the County. The Park District hires and fires its own staff and does not rely on the County to finance deficits. The County is not financially accountable for the Park District nor is the Park District financially dependent on the County. The Park District serves as its own budgeting, taxing and debt issuance authority.

B. Richland County Transit Board

The seven members of the Richland County Transit Board (Board) are appointed by the County Commissioners. The Board hires and fires its own staff and does not rely on the County to finance deficits. The County is not financially accountable for the Board nor is the Board financially dependent on the County. The Board serves as its own budgeting, taxing and debt issuance authority. Complete financial statements can be obtained from the Richland County Transit Board, Richland County, Ohio.

C. Mansfield/Richland County Public Library

The County appoints the seven member governing board of the Library, however, the County cannot influence the Library's operation nor does the Library represent a potential financial benefit for or burden on the County. The County serves in a ministerial capacity as taxing authority for the Library. Once the Library Board determines to present a levy to the voters, including the determination of its rate and duration, the County must place the levy on the ballot. The Library may not issue debt. The Library determines its own budget.

D. Richland County Civic Center Authority

The County appoints six of the eleven member board of directors for the Richland County Civic Center Authority, however, the County cannot influence the Authority's operation nor does the Authority represent a potential financial benefit for or burden on the County. Complete financial statements can be obtained from the Richland County Civic Center Authority, Richland County, Ohio.

Note 23 - Contingent Liabilities

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecuting Attorney, any potential liability would not have a material effect on the financial statements.

Note 24 - Conduit Debt Obligations

The County has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any other political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2000, there were three series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $49,210,000.

Note 25 - Related Party Transactions

During 2000, Richland County provided facilities, certain equipment, transportation and salaries for administration, implementation and supervision of programs to Richland Newhope Industries, Inc.

Richland Newhope Industries, Inc. , a discretely presented component unit of Richland County reported $8,381 for such contributions. Richland Newhope Industries, Inc. recorded operating revenues and expenses at cost or fair value as applicable, to the extent the contribution is related to the vocational purpose of the Workshop. Additional habilitative services provided directly to Workshop clients by the County amounted to $2,984,247.

Note 26 - Component Unit

A. Summary of Significant Accounting Policies

Nature of Organization - Richland Newhope Industries, Inc. is a non-profit sheltered workshop providing vocationally-oriented services to mentally retarded and developmentally disabled adults in Richland County. The workshop is primarily funded by the Richland County Board of MR/DD as disclosed in the related party transactions note. Major departmental programs include (with the percentage of revenue divided in each department in the current year) Subcontract (39%), Custodial Services (13%), Manufacturing (32%), Microfilm (7%), and Food Services (5%).

The Workshop is exempt under Internal Revenue Code Section 501(c)(3) from federal income tax. It is also currently exempt from federal unemployment tax and Ohio franchise, personal property, and sales taxes. The payroll of the workshop became subject to social security (FICA) coverage due to the Social Security Amendments of 1983.

Financial Statement Presentation - The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organization". Under SFAS No.117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Classification of Net Assets - Unrestricted net assets are comprised of the amount upon which donors have placed no restriction on expenditure of these assets themselves or their investment income. Temporarily restricted net assets and investment income generated by these assets comprise those amounts the expenditure of which has been restricted by donors for use during a specific time period or for a particular purpose. When such a restriction expires; that is, when a stipulated time restriction ends or a program restriction is accomplished, temporarily restricted fixed assets are released to unrestricted net assets and are reported in the statement of activities and changes in net assets.

Permanently restricted net assets comprise those assets contributed to the Workshop by donors who have indicated an intention that the assets are to remain in perpetuity as permanent endowments of the Workshop. Investment income generated by these assets is reported as unrestricted or temporarily restricted, depending upon whether the donors have limited the expenditure of income to a particular purpose or purposes or have indicated that such income is to be available for the general purposes of the Workshop. At August 31, 2000, all of the assets of the Workshop are unrestricted.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. All of the Workshop's contributions are considered to be available for unrestricted use unless specifically restricted by donor. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. Contributed services have been recognized as contributions to the extent the total amount that could have been charged for these services exceeds the amount actually charged. As of August 31, 2000, all of the Workshops contributions were unrestricted.

Accounts Receivable - Accounts receivable are derived from sales and services with the north central Ohio area. As a result, the economic conditions of the area affect the revenue of the workshop. At August 31, 2000, accounts receivable, trade were reported net of a $0 allowance for doubtful accounts.

Inventories - Inventories are valued at the lower of cost or market using the specific identification method and are summarized as follows:

Manufacturing, Materials	$33,297
Manufacturing, Work-In Process and Finished Goods	22,810
Subcontract Material, Supplies and Work-In Process	58,948
Microfilm Supplies and Work-In Process	10,729
CCS Supplies	6,113
Food	6,427
Total	$138,324

Property and Equipment - It is th workshop's policy to capitalize expenditures in excess of $250 with an estimated life of more than one year. Property and equipment accounts are stated at cost or donated value and are being depreciated using the straight-line method over their estimated useful lives of three to forty years. When sold, retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the applicable accounts and any gain or loss resulting there from is included in the statement of activities. Routine maintenance, repairs and renewals are charged to operating cost and expenses as incurred. Property and equipment additions and expenditures which materially increase values or extend useful lives are capitalized.

During the year ended August 31, 2000, depreciation expense is $77,361. A summary of the component unit's fixed assets at August 31, 2000, follows:

Capital Assets not being depreciated:	
Land	$46,381
Other Capital Assets, Net:	
Land Improvements	47,383
Buildings and Improvements	580,046
Vehicles	141,434
Furniture and Office Equipment	121,581
Shop Equipment	484,442
Subtotal	1,421,267
Less: Accumulated Depreciation	(684,717)
Total	$736,550

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

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense was $10,791 for the year ended August 31, 2000.

B. Cash Equivalents and Certificates of Deposit

Cash equivalents are investments in and certificates of deposit. The certificates of deposit are treated as cash for purposes of the statement of cash flows. The certificates of deposit consist of the following:

Bank	Interest Rate	Date Due	Amount
Richland Bank	5.85	5/15/01	359,319
Key Bank	6.30	3/17/01	51,338
Key Bank	6.77	3/17/02	51,439
Key Bank	6.77	02/17/02	72,668
			$534,764

C. Accrued Vacation and Sick Pay

According to the Workshop's sick pay policy instituted during 1996, sick pay is only paid when the participant or staff is sick. Any unpaid sick hours will be carried forward, however, any balance remaining at termination of employment is forfeited. Therefore, sick pay is not being accrued on the statement of the financial position.

Vacation pay is accrued weekly depending on whether the participant or staff worked that week. Any unpaid vacation pay at the end of the year can be paid or carried forward at the employee's discretion. The estimated unpaid vacation pay at August 31, 2000 is $4,656.

D. In-Kind Contributions

During the year ended August 31, 2000, the Richland County Board of MR/DD provided facilities, certain equipment, transportation, and salaries for administration, implementation, and supervision of programs to Richland Newhope Industries, Inc. Of the total support received, $8,381 for 2000, is considered directly related to the vocational purposes of the Workshop. This support is recorded as both an income and expense. The breakdown of these items is as follows:

Income	
Contributions	$8,381
Expenses	
Direct Services Salaries	4,421
Building/Capital Costs	175
Administrative Costs	2,628
Building Services Costs	1,157
	$8,381

Additional habilitative services provided directly to the workshop clients by Richland County amounted to approximately $2,984,247 for the year ended August 31, 2000.

F. Commitments

During 1999, the Workshop entered into an agreement with the Richland County Board of MR\DD (Board) to make the food service department totally self-sufficient within three years. Toward that goal, the Workshop reimbursed the Board $90,000 of food service department expenses in the year ending August 31, 2000 which are included on the statement of activities as program expenses. In the year ending August 31, 2001, the Workshop will reimburse the Board a maximum of $126,000, contingent upon the operating results of the food service department. Subsequent to 2001, the food service department is to be totally self-sufficient.

G. Contingencies

The Workshop maintains its checking account balances in financial institutions located in Mansfield, Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $100,000. At August 31, 2000, the Workshop's uninsured account balances total $673,638.

H. Major Customers

During the year ended August 31, 2000, the Workshop had three major customers whose revenues exceeded 10 percent of total revenues. The total revenues from these customers were $611,144. Accounts receivable from these customers totaled $93,046 at August 31, 2000.

I. Rental Income

During the year ended August 31, 1999, the Workshop entered into an agreement with the Richland County Board of Mental Retardation and Developmental Disabilities for the rental of space at the Workshop's 971 West Longview Avenue and 67 North Willis Avenue buildings. The agreement requires monthly rental of $0.40 per square foot of space. The agreement can be terminated by any party with 30 days notice. Included in other income on the statement of activities for the year ended August 31, 2000 is rental income of $9,062.

J. Related Party Transactions

In addition to the items mentioned in Notes D, F and I above, the Workshop provides services to the Richland County Board of Mental Retardation and Developmental Disabilities (Board). During the year ended August 31, 2000, the Workshop received total revenues from the Board of $60,502 and had a receivable of $8,544 at August 31, 2000.

In addition to the amounts paid to the board for the food service department (Note F) the workshop paid the Board $57, 912 for services during the year ended August 31, 2000. There was no account payable to the Board at August 31, 2000.