

Logan County Financial Condition

Basic Financial Statements

December 31, 2011

(with Independent Auditors' Report)



Dave Yost • Auditor of State

Board of Commissioners
Logan County
117 E. Columbus Avenue
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditors' Report* of Logan County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Logan County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 15, 2012

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LOGAN COUNTY FINANCIAL CONDITION
FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

County Board of Commissioners
Logan County, Ohio
117 E. Columbus Ave.
Bellefontaine, Ohio 43311

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of RTC Industries, Inc., the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Auto & Gas Fund, and Logan County Board of Developmental Disabilities Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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As described in Note 18, during 2011, the County changed its method of accounting for financial reports as well as adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. In addition, the County adjusted the beginning net assets of the governmental and business-type activities for corrections in capital asset accounts for which the County could not substantiate and a change in the manner in special assessment revenue is recognized.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 through 8, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Springfield, Ohio
June 29, 2012

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

As management of Logan County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by approximately \$102.4 million (net assets). Of this amount, approximately \$11.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's Governmental Activities net assets decreased by approximately \$1.4 million. This decrease represents the amount in which net program costs exceeded general revenues.
- The County's Business-Type Activities net assets increased by approximately \$1.2 million. This increase is primarily the result of Logan Acres County Home operations.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$14.2 million, a \$828,539 decrease in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County included general government, public safety, public works, health, human services, conservation and recreation, economic development and assistance, and urban redevelopment and housing. The business-type activities of the County include water pollution control operations and county home operations.

The government-wide financial statements included not only the County itself (known as the primary government), but also a legally separate nonprofit organization for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 9-11 of this report.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 137 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement revenues, expenditures, and changes in fund balances for the general fund, auto and gas fund, and developmental disabilities fund, each of which are considered to be major funds. Data from the other 134 governmental funds are combined into a single, aggregated presentation.

The County adopts annual appropriated budgets for the general fund, auto and gas fund, and developmental disabilities fund. A budgetary comparison statement has been provided for each to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 12-18 of this report.

Proprietary funds. The County utilizes one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water pollution control and county home operations.

Proprietary funds provided the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provided separate information for water pollution control and county home operations, both of which are considered to be major funds of the County.

The basic proprietary fund financial statements can be found on pages 19-22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a comparative summary of the County's net assets at December 31, 2011 and December 31, 2010:

	Net Assets			
	2011	2011	Restated	Restated
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2010 Governmental Activities</u>	<u>2010 Business-Type Activities</u>
<u>Assets</u>				
Current and other assets	\$ 29,649,544	\$ 9,120,622	\$ 31,670,221	\$ 10,560,275
Capital assets, net	<u>69,575,409</u>	<u>42,142,018</u>	<u>69,146,379</u>	<u>40,667,836</u>
Total assets	<u>\$ 99,224,953</u>	<u>\$ 51,262,640</u>	<u>\$ 100,816,600</u>	<u>\$ 51,228,111</u>
<u>Liabilities</u>				
Current and other liabilities	\$ 11,298,898	\$ 2,438,625	\$ 11,125,746	\$ 2,794,255
Long-term liabilities	<u>6,239,170</u>	<u>28,099,443</u>	<u>6,620,589</u>	<u>28,896,570</u>
Total liabilities	<u>17,538,068</u>	<u>30,538,068</u>	<u>17,746,335</u>	<u>31,690,825</u>
<u>Net assets</u>				
Invested in capital assets, net of related debt	61,431,534	13,265,838	60,473,004	13,046,779
Restricted	16,559,902	-	13,750,959	-
Unrestricted	<u>3,695,449</u>	<u>7,458,734</u>	<u>8,846,302</u>	<u>6,490,507</u>
Total net assets	<u>\$ 81,686,885</u>	<u>\$ 20,724,572</u>	<u>\$ 83,070,265</u>	<u>\$ 19,537,286</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by approximately \$102.4 million at the close of the most recent fiscal year. Of this amount, approximately \$11.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

By far the largest portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, equipment and machinery, vehicles, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets (restricted net assets) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The table below provides a comparative analysis of changes in net assets for 2011 and 2010:

	Change in Net Assets			
	Governmental Activities 2011	Business-Type Activities 2011	Restated Governmental Activities 2010	Restated Business-Type Activities 2010
<u>Revenues</u>				
Program revenues:				
Charges for Services	\$ 6,861,574	\$ 8,381,753	\$ 4,686,445	\$ 8,263,674
Operating Grants and Contributions	12,989,079	2,571,173	12,846,299	2,422,283
Capital Grants and Contributions	647,841	-	1,271,200	-
Total program revenues	<u>20,498,494</u>	<u>10,952,926</u>	<u>18,803,944</u>	<u>10,685,957</u>
General revenues:				
Property and Sales Taxes	13,654,747	-	14,993,958	-
Unrestricted Grants and Entitlements	1,407,012	-	1,572,517	-
Other	404,322	498	2,817,247	137,543
Total general revenues	<u>15,466,081</u>	<u>498</u>	<u>19,383,722</u>	<u>137,543</u>
Total revenues	<u>35,964,575</u>	<u>10,953,424</u>	<u>38,187,666</u>	<u>10,823,500</u>
<u>Expenses</u>				
General Government- Legislative and Executive	4,996,349	-	4,460,536	-
General Government- Judicial	2,775,220	-	2,775,073	-
Public Safety	5,523,433	-	5,742,182	-
Public Works	6,424,508	-	6,453,553	-
Health	1,178,610	-	1,197,833	-
Human Services	15,162,066	-	15,561,260	-
Conservation and Recreation	20,166	-	11,561	-
Economic Development and Assistance	875,339	-	469,215	-
Urban Redevelopment and Housing	52,830	-	273,385	-
Interest and Fiscal Charges	286,276	-	285,288	-
Wastewater Pollution Control Fund	-	3,412,868	-	2,900,277
Logan Acres County Home Fund	-	6,406,428	-	7,024,046
Total expenses	<u>37,294,797</u>	<u>9,819,296</u>	<u>37,229,886</u>	<u>9,924,323</u>
Change in Net Assets Before Transfers	(1,330,222)	1,134,128	957,780	899,177
Net Transfers	<u>(53,158)</u>	<u>53,158</u>	<u>(54,796)</u>	<u>54,796</u>
Change in Net Assets	(1,383,380)	1,187,286	902,984	953,973
Net assets, Beginning of year, Restated	<u>83,070,265</u>	<u>19,537,286</u>	<u>82,167,281</u>	<u>18,583,313</u>
Net Assets, End of Year	<u>\$ 81,686,885</u>	<u>\$ 20,724,572</u>	<u>\$ 83,070,265</u>	<u>\$ 19,537,286</u>

For comparability purposes, several 2010 revenue and expense amounts have been reclassified to correlate with 2011 classifications.

For governmental activities, the decrease in total revenues in 2011 was primarily the result of the phase out of the tangible personal property tax and a reduction in capital grants from the Ohio Public Works Commission.

All other revenues and expenses remained consistent with amounts reported in the previous year.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Restated Net Cost of Services 2010
Program expenses				
General Government- Legislative and Executive	\$ 4,996,349	\$ 2,771,893	\$ 4,460,536	\$ 2,654,330
General Government- Judicial	2,775,220	1,610,576	2,775,073	1,711,852
Public Safety	5,523,433	4,311,035	5,742,182	4,857,581
Public Works	6,424,508	1,444,054	6,453,553	22,689
Health	1,178,610	(7,054)	1,197,833	1,176,393
Human Services	15,162,066	5,640,970	14,822,408	6,521,972
Conservation and Recreation	20,166	20,166	750,413	750,413
Economic Development and Assistance	875,339	685,389	469,215	353,572
Urban Redevelopment and Housing	52,830	32,998	273,385	91,852
Interest and Fiscal Charges	286,276	286,276	285,288	285,288
Total program expenses	<u>\$ 37,294,797</u>	<u>\$ 16,796,303</u>	<u>\$ 37,229,886</u>	<u>\$ 18,425,942</u>

As can be seen in the graph above, the County is highly dependent upon property and sales taxes to support its governmental activities. For all governmental activities, taxes and other general revenues support 45 percent of expenses.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$14.2 million, a decrease of \$828,539 in comparison with the prior year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$655,854, while total fund balance reached approximately \$2.6 million. As a measure of general fund liquidity, it may be useful to compare both unassigned and total fund balance to total general fund expenditures. Unassigned fund balance represents 6.1 percent of total general fund expenditures, while total fund balance represents 24.5 percent of that same amount.

The fund balance of the County's general fund decreased by \$420,117 during the current fiscal year. This decrease primarily represents the amount in which operating subsidies to other funds, totaling \$860,145, exceeded the \$442,522 excess of revenues over expenditures.

The fund balance of the County's auto and gas fund decreased by \$369,642 during the current fiscal year. This decrease represents the amount in which program expenditures and debt service transfers exceeded intergovernmental revenues.

The fund balance of the County's developmental disabilities fund decreased by \$262,129 during the current fiscal year. This decrease represents the amount in which program expenditures exceeded property taxes and intergovernmental revenues.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

General Fund Budgeting Highlights

During the year, actual revenues exceeded the final budget by \$124,589 and actual budgetary expenditures were less than the final budget by \$564,640.

The variance between the County's original and final revenue and expenditure budgets were insignificant.

Capital Assets

The County's investment in capital assets for governmental activities as of December 31, 2011, including land, land improvements, buildings, equipment and machinery, vehicles, and infrastructure, totaled \$69.6 million (net of accumulated depreciation), an increase of \$429,030 in comparison with the prior year. This increase consists of current year acquisition of approximately \$4.5 million, offset by current year depreciation of approximately \$3.7 million and net current year disposals of \$291,037.

The City's investment in capital assets for business-type activities as of December 31, 2011, including land, land improvements, buildings, equipment and machinery, vehicles, and infrastructure totaled \$42.1 million (net of accumulated depreciation), an increase of approximately \$1.5 million in comparison with the prior year. This increase consists of current year acquisitions of \$2.7 million, offset by current year depreciation of approximately \$1.2 million and current year disposals of \$2,779.

Detailed information regarding capital asset activity is included in the Note 9 to the basic financial statements.

Debt Administration

The County's governmental activities debt as of December 31, 2011, including bonds and notes, totaled approximately \$8.1 million, a decrease of \$529,500 in comparison with the prior year. This decrease represents principal payments made during the year.

The City's business-type activities debt as of December 31, 2011 totaled \$29.3 million, a decrease of \$860,700 in comparison with the prior year. This decrease represents principal payments made during the year.

Detailed information regarding debt activity is included in the Notes 10 and 11 to the basic financial statements.

Contacting the County's Component Unit

Financial information for the RTC Industries, Inc, can be obtained from separately issued financial statements. Complete financial statements may be obtained from the administrative offices at 36 County Road 32, Bellefontaine, Ohio 43311.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional information contact Mike Yoder, County Auditor, 100 South Madriver Street, Bellefontaine, Ohio 43311. Or e-mail at meyoder@co.logan.oh.us or telephone at (937) 599-7209.

LOGAN COUNTY

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2011

	Governmental Activities	Business-type Activities	Total	Component Unit
Assets				
Equity in Pooled Cash and Investments	\$ 16,071,801	\$ 5,176,142	\$ 21,247,943	\$ -
Cash and Cash Equivalents with Fiscal Agents	-	122,116	122,116	195,368
Receivables:				
Taxes	8,397,703	-	8,397,703	-
Accounts	667,952	983,217	1,651,169	313,313
Special Assessments	41,251	1,757,003	1,798,254	-
Accrued Interest	49,467	-	49,467	-
Intergovernmental	3,296,953	257,287	3,554,240	-
Prepaid Items	282,850	85,495	368,345	-
Materials and Supplies Inventory	604,067	31,465	635,532	-
Loans Receivable	237,500	-	237,500	-
Restricted Assets:				
Equity in Pooled Cash and Investments	-	276,652	276,652	-
Unamortized Bond Issuance Costs	-	431,245	431,245	-
Nondepreciable Capital Assets	3,951,674	209,800	4,161,474	150,000
Depreciable Capital assets, Net	65,623,735	41,932,218	107,555,953	915,842
Total Assets	99,224,953	51,262,640	150,487,593	1,574,523
Liabilities				
Accounts Payable	665,421	273,011	938,432	129,728
Accrued Wages	375,947	177,046	552,993	14,527
Due to Other Governments	436,292	108,949	545,241	31,556
Deferred Revenue	6,522,163	-	6,522,163	4,723
Notes Payable	3,280,000	1,445,000	4,725,000	-
Due to Others	-	122,116	122,116	-
Accrued Interest Payable	19,075	312,503	331,578	1,335
Long-Term Liabilities:				
Due Within One Year	1,064,929	973,995	2,038,924	34,496
Due in More Than One Year	5,174,241	27,125,448	32,299,689	250,996
Total Liabilities	17,538,068	30,538,068	48,076,136	467,361
Net Assets				
Invested in Capital Assets, Net of Related Debt	61,431,534	13,265,838	74,697,372	795,039
Restricted for:				
Capital Projects	-	-	-	-
Legislative and Executive	1,726,429	-	1,726,429	-
Public Safety	373,797	-	373,797	-
Human Services	7,434,417	-	7,434,417	-
Public Works	6,299,537	-	6,299,537	-
Urban Redevelopment and Housing	33,861	-	33,861	-
Judicial	478,477	-	478,477	-
Economic Development and Assistance	213,384	-	213,384	-
Unrestricted	3,695,449	7,458,734	11,154,183	312,123
Total Net Assets	\$ 81,686,885	\$ 20,724,572	\$ 102,411,457	\$ 1,107,162

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Functions/Programs	Program Revenues			
Primary Government:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 4,996,349	\$ 2,224,456	\$ -	\$ -
Judicial	2,775,220	570,838	593,806	-
Public Safety	5,523,433	837,828	374,570	-
Public Works	6,424,508	698,517	3,634,096	647,841
Health	1,178,610	1,185,664	-	-
Human Service	15,162,066	1,244,077	8,277,019	-
Conservation and Recreation	20,166	-	-	-
Economic Development and Assistance	875,339	100,194	89,756	-
Urban Redevelopment and Housing	52,830	-	19,832	-
Interest and Fiscal Charges	286,276	-	-	-
Total Governmental Activities	37,294,797	6,861,574	12,989,079	647,841
Business-Type Activities:				
Water Pollution Control Fund	3,412,868	3,599,397	-	-
Logan Acres County Home Fund	6,406,428	4,782,356	2,571,173	-
Total Business-type Activities	9,819,296	8,381,753	2,571,173	-
Total Primary Government	\$ 47,114,093	\$ 15,243,327	\$ 15,560,252	\$ 647,841
Component Unit:				
RTC Industries, Inc.	\$ 1,806,370	\$ 1,804,073	\$ -	\$ -
Total Component Unit	\$ 1,806,370	\$ 1,804,073	\$ -	\$ -

General Revenues:
 Property Taxes Levied for:
 General Purposes
 Developmental Disabilities
 Children Services
 Sales Taxes Levied for:
 General Purposes
 Permanent Improvements
 Unrestricted Grants and Contributions
 Unrestricted Investment Earnings
 Miscellaneous
 Transfers
 Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year, Restated
 Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
(2,771,893)		(2,771,893)	
(1,610,576)		(1,610,576)	
(4,311,035)		(4,311,035)	
(1,444,054)		(1,444,054)	
7,054		7,054	
(5,640,970)		(5,640,970)	
(20,166)		(20,166)	
(685,389)		(685,389)	
(32,998)		(32,998)	
(286,276)		(286,276)	
<u>(16,796,303)</u>		<u>(16,796,303)</u>	
	186,529	186,529	
	947,101	947,101	
	<u>1,133,630</u>	<u>1,133,630</u>	
\$ (16,796,303)	\$ 1,133,630	\$ (15,662,673)	
			\$ <u>(2,297)</u>
			(2,297)
2,152,725	-	2,152,725	-
3,433,486	-	3,433,486	-
873,335	-	873,335	-
4,428,982	-	4,428,982	-
2,766,219	-	2,766,219	-
1,407,012	-	1,407,012	-
218,767	498	219,265	-
185,555	-	185,555	-
(53,158)	53,158	-	-
<u>15,412,923</u>	<u>53,656</u>	<u>15,466,579</u>	<u>-</u>
(1,383,380)	1,187,286	(196,094)	(2,297)
83,070,265	19,537,286	102,607,551	1,109,459
<u>\$ 81,686,885</u>	<u>\$ 20,724,572</u>	<u>\$ 102,411,457</u>	<u>\$ 1,107,162</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2011

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$ 2,047,226	\$ 1,274,380	\$ 3,376,556	\$ 9,373,639	\$ 16,071,801
Receivables:					
Taxes	3,287,566	-	3,677,595	1,432,542	8,397,703
Accounts	162,744	-	378,288	126,920	667,952
Special Assessments	-	-	-	41,251	41,251
Accrued Interest	49,467	-	-	-	49,467
Intergovernmental	524,610	1,811,421	364,663	596,259	3,296,953
Prepaid Items	150,093	17,428	64,516	50,813	282,850
Materials and Supplies Inventory	33,837	570,230	-	-	604,067
Advances to Other Funds	31,475	-	-	15,844	47,319
Loans Receivable	237,500	-	-	-	237,500
Total Assets	\$ 6,524,518	\$ 3,673,459	\$ 7,861,618	\$ 11,637,268	\$ 29,696,863
Liabilities:					
Accounts Payable	\$ 284,348	\$ 63,468	\$ 80,777	\$ 236,828	\$ 665,421
Accrued Wages	103,355	66,863	57,884	147,845	375,947
Due to Other Governments	158,996	48,182	83,015	146,099	436,292
Deferred Revenue	3,322,414	1,495,465	4,124,224	1,636,950	10,579,053
Matured Compensated Absences	12,647	-	43,879	7,223	63,749
Notes Payable	-	-	-	3,280,000	3,280,000
Advances from Other Funds	-	-	-	47,319	47,319
Total Liabilities	\$ 3,881,760	\$ 1,673,978	\$ 4,389,779	\$ 5,502,264	\$ 15,447,781
Fund Balances:					
Nonspendable:					
Inventory	33,837	570,230	-	-	604,067
Advances	31,475	-	-	-	31,475
Prepays	150,093	17,428	64,516	50,813	282,850
Unclaimed Monies	111,912	-	-	-	111,912
Loans	237,500	-	-	-	237,500
Restricted:					
Legislative and Executive	-	-	-	1,134,257	1,134,257
Public Safety	-	-	-	361,809	361,809
Human Services	-	-	3,407,323	2,613,841	6,021,164
Public Works	-	1,411,823	-	3,208,571	4,620,394
Urban Redevelopment and Housing	-	-	-	33,861	33,861
Judicial	-	-	-	462,210	462,210
Economic Development and Assistance	-	-	-	201,487	201,487
Committed:					
Health	54,542	-	-	-	54,542
Public Safety	-	-	-	74,531	74,531
Assigned:					
Encumbrances	197,062	-	-	-	197,062
Future Appropriations	463,139	-	-	-	463,139
Judicial	631,353	-	-	-	631,353
Legislative and Executive	75,991	-	-	-	75,991
Capital Projects	-	-	-	73,563	73,563
Public Works	-	-	-	205,322	205,322
Unassigned	655,854	-	-	(2,285,261)	(1,629,407)
Total Fund Balances	\$ 2,642,758	\$ 1,999,481	\$ 3,471,839	\$ 6,135,004	\$ 14,249,082
Total Liabilities and Fund Balances	\$ 6,524,518	\$ 3,673,459	\$ 7,861,618	\$ 11,637,268	\$ 29,696,863

See accompanying notes to the basic financial statements

LOGAN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

Total Governmental Fund Balances	\$ 14,249,082
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,575,409
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Sales Taxes	594,872
Property Taxes	444,517
Special Assessments	10,579
Intergovernmental	2,659,122
Accounts Receivable	298,333
Accrued Interest on Investments	49,467

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds:

Accrued Interest Payable	(19,075)
Various Purpose Bonds	(4,863,875)
Compensated Absences Payable	(1,311,546)

Net Assets of Governmental Activities	<u><u>\$ 81,686,885</u></u>
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See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Sales Taxes	\$ 4,575,003	\$ -	\$ -	\$ 2,567,931	\$ 7,142,934
Property Taxes	2,347,009	-	3,535,286	901,076	6,783,371
Intergovernmental	1,471,799	3,858,914	2,402,621	8,567,428	16,300,762
Investment Income	232,729	-	-	567	233,296
Licenses and Permits	109,542	-	-	77,378	186,920
Fines and Forfeitures	123,876	40,630	-	33,805	198,311
Special Assessments	-	-	-	5,285	5,285
Charges for Services	2,060,964	309,324	380,402	2,622,036	5,372,726
Miscellaneous	295,290	48,140	200,824	634,394	1,178,648
Total Revenues	11,216,212	4,257,008	6,519,133	15,409,900	37,402,253
Expenditures:					
Current:					
General Government:					
Legislative and Executive	3,679,267	-	-	502,988	4,182,255
Judicial	1,961,153	-	-	797,768	2,758,921
Public Safety	4,401,058	-	-	978,402	5,379,460
Public Works	109,127	4,445,531	-	2,989,669	7,544,327
Health	101,637	-	-	1,261,603	1,363,240
Human Service	506,243	-	6,781,262	7,908,505	15,196,010
Conservation and Recreation	15,205	-	-	-	15,205
Economic Development and Assistance	-	-	-	894,204	894,204
Urban Redevelopment and Housing	-	-	-	52,582	52,582
Debt service:					
Principal Retirement	-	-	-	409,500	409,500
Interest and Fiscal Charges	-	-	-	294,915	294,915
Total Expenditures	10,773,690	4,445,531	6,781,262	16,090,136	38,090,619
Excess (Deficiency) of Revenues Over (Under) Expenditures	442,522	(188,523)	(262,129)	(680,236)	(688,366)
Other Financing Sources (Uses):					
Transfers In	-	-	-	903,585	903,585
Transfers Out	(860,145)	(96,598)	-	-	(956,743)
Total Other Financing Sources (Uses)	(860,145)	(96,598)	-	903,585	(53,158)
Net Change in Fund Balances	(417,623)	(285,121)	(262,129)	223,349	(741,524)
Fund Balance, Beginning of Year, Restated	3,062,875	2,369,123	3,733,968	5,911,655	15,077,621
Increase (Decrease) in Inventory	(2,494)	(84,521)	-	-	(87,015)
Fund Balance, End of Year	\$ 2,642,758	\$ 1,999,481	\$ 3,471,839	\$ 6,135,004	\$ 14,249,082

See accompanying notes to the basic financial statements

LOGAN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$ (741,524)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays was over (under) depreciation in the current period.

Capital Outlays	4,456,300
Depreciation	(3,736,233)

Loss on disposal of Capital Assets is not recorded in the Governmental funds but is recorded in the Statement of Activity. (291,037)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Sales Taxes	52,267
Property Taxes	(323,825)
Charges for Services	166,963
Intergovernmental Grants	(1,256,830)
Special Assessments	(56,128)
Interest Income	(14,529)
Miscellaneous	(5,596)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 409,500

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 8,639

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in Inventory	(87,015)
Compensated Absences	35,668

Change in Net Assets of Governmental Activities \$ (1,383,380)

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Sales Taxes	\$ 6,802,500	\$ 6,802,500	\$ 7,067,182	\$ 264,682
Property Taxes	2,517,000	2,517,000	2,352,028	(164,972)
Intergovernmental	1,797,500	1,797,500	1,982,389	184,889
Investment Income	246,000	246,000	309,621	63,621
Licenses and Permits	145,620	145,620	109,542	(36,078)
Fines and Forfeitures	130,000	152,000	121,372	(30,628)
Charges for Services	1,811,750	1,883,750	1,775,417	(108,333)
Miscellaneous	397,630	432,536	383,944	(48,592)
Total Revenues	<u>13,848,000</u>	<u>13,976,906</u>	<u>14,101,495</u>	<u>124,589</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	4,734,746	4,691,852	4,296,285	395,567
Judicial	1,818,656	2,031,056	1,980,939	50,117
Public Safety	4,349,264	4,515,584	4,458,480	57,104
Public Works	123,239	109,432	109,274	158
Health	77,144	102,144	97,206	4,938
Human Service	556,884	616,264	559,508	56,756
Total Expenditures	<u>11,659,933</u>	<u>12,066,332</u>	<u>11,501,692</u>	<u>564,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,188,067	1,910,574	2,599,803	689,229
Other Financing Sources (Uses):				
Transfers In	40,000	40,000	-	(40,000)
Transfers Out	(3,085,988)	(3,085,988)	(3,211,954)	(125,966)
Total Other Financing Sources (Uses)	<u>(3,045,988)</u>	<u>(3,045,988)</u>	<u>(3,211,954)</u>	<u>(165,966)</u>
Net Change in Fund Balances	(857,921)	(1,135,414)	(612,151)	523,263
Fund Balance, Beginning of Year	764,508	764,508	764,508	-
Prior Year Encumbrances Appropriated	549,459	549,459	549,459	-
Fund Balance, End of Year	<u>\$ 456,046</u>	<u>\$ 178,553</u>	<u>\$ 701,816</u>	<u>\$ 523,263</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
AUTO AND GAS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Intergovernmental	\$ 3,950,000	\$ 3,950,000	\$ 3,959,821	\$ 9,821
Investment Income	6,000	6,000	-	(6,000)
Fines and Forfeitures	20,000	20,000	40,630	20,630
Charges for Services	177,000	177,000	309,324	132,324
Miscellaneous	10,000	10,000	48,140	38,140
Total Revenues	<u>4,163,000</u>	<u>4,163,000</u>	<u>4,357,915</u>	<u>194,915</u>
Expenditures:				
Current:				
Public Works	<u>5,401,348</u>	<u>5,401,348</u>	<u>4,678,508</u>	<u>722,840</u>
Total Expenditures	<u>5,401,348</u>	<u>5,401,348</u>	<u>4,678,508</u>	<u>722,840</u>
Net Change in Fund Balances	(1,238,348)	(1,238,348)	(320,593)	917,755
Fund Balance, Beginning of Year	1,272,549	1,272,549	1,272,549	-
Prior Year Encumbrances Appropriated	138,348	138,348	138,348	-
Fund Balance, End of Year	<u>\$ 172,549</u>	<u>\$ 172,549</u>	<u>\$ 1,090,304</u>	<u>\$ 917,755</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 3,656,616	\$ 3,656,616	\$ 3,544,138	\$ (112,478)
Intergovernmental	2,038,034	2,038,034	2,494,010	455,976
Charges for Services	175,000	175,000	398,656	223,656
Miscellaneous	452,720	452,720	252,456	(200,264)
Total Revenues	<u>6,322,370</u>	<u>6,322,370</u>	<u>6,689,260</u>	<u>366,890</u>
Expenditures:				
Current:				
Human Service	7,370,748	7,370,748	6,877,209	493,539
Total Expenditures	<u>7,370,748</u>	<u>7,370,748</u>	<u>6,877,209</u>	<u>493,539</u>
Net Change in Fund Balances	(1,048,378)	(1,048,378)	(187,949)	860,429
Fund Balance, Beginning of Year	3,462,354	3,462,354	3,462,354	-
Prior Year Encumbrances Appropriated	56,427	56,427	56,427	-
Fund Balance, End of Year	<u>\$ 2,470,403</u>	<u>\$ 2,470,403</u>	<u>\$ 3,330,832</u>	<u>\$ 860,429</u>

See accompanying notes to basic financial statements

LOGAN COUNTY

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 AS OF DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 2,684,675	\$ 2,491,467	\$ 5,176,142
Cash and Cash Equivalents With Fiscal Agents	16,192	105,924	122,116
Receivables:			
Accounts	591,843	391,374	983,217
Special Assessments	1,757,003	-	1,757,003
Intergovernmental	-	257,287	257,287
Prepaid Items	17,880	67,615	85,495
Materials and Supplies Inventory	-	31,465	31,465
Restricted Assets:			
Equity in Pooled Cash and Investments	-	276,652	276,652
Total Current Assets	<u>5,067,593</u>	<u>3,621,784</u>	<u>8,689,377</u>
Noncurrent Assets:			
Unamortized Bond Issuance Costs	286,876	144,369	431,245
Nondepreciable Capital Assets	209,800	-	209,800
Depreciable Capital assets, Net	27,059,578	14,872,640	41,932,218
Total Noncurrent Assets	<u>27,556,254</u>	<u>15,017,009</u>	<u>42,573,263</u>
Total Assets	<u>32,623,847</u>	<u>18,638,793</u>	<u>51,262,640</u>
Liabilities			
Current Liabilities			
Accounts Payable	145,680	127,331	273,011
Accrued Wages	10,922	166,124	177,046
Due to Other Governments	14,872	94,077	108,949
Deposits Held and Due to Others	16,192	105,924	122,116
Accrued Interest Payable	125,878	186,625	312,503
Compensated Absences Payable	29,236	109,650	138,886
Notes Payable	1,445,000	-	1,445,000
Revenue Bonds Payable	478,050	198,000	676,050
OWDA Loan Payable	159,059	-	159,059
Total Current Liabilities	<u>2,424,889</u>	<u>987,731</u>	<u>3,412,620</u>
Long-Term Liabilities:			
Compensated Absences Payable	38,521	59,204	97,725
Revenue Bonds Payable	13,967,075	12,978,000	26,945,075
OWDA Loan Payable	82,648	-	82,648
Total Long-Term Liabilities	<u>14,088,244</u>	<u>13,037,204</u>	<u>27,125,448</u>
Total Liabilities	<u>16,513,133</u>	<u>14,024,935</u>	<u>30,538,068</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	11,137,546	2,128,292	13,265,838
Unrestricted (deficit)	4,973,168	2,485,566	7,458,734
Total Net Assets	<u>\$ 16,110,714</u>	<u>\$ 4,613,858</u>	<u>\$ 20,724,572</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Totals
Operating Revenues			
Charges for Services	\$ 3,350,070	\$ 4,666,329	\$ 8,016,399
Special Assessments	94,539	-	94,539
Intergovernmental	-	2,454,911	2,454,911
Miscellaneous	154,788	116,027	270,815
Total Operating Revenues	<u>3,599,397</u>	<u>7,237,267</u>	<u>10,836,664</u>
Operating Expenses			
Personal Services	753,307	3,763,621	4,516,928
Contractual Services	665,498	1,093,045	1,758,543
Materials and Supplies	362,125	419,584	781,709
Miscellaneous	19,390	75,546	94,936
Depreciation	800,667	405,918	1,206,585
Total Operating Expenses	<u>2,600,987</u>	<u>5,757,714</u>	<u>8,358,701</u>
Operating Income (Loss)	<u>998,410</u>	<u>1,479,553</u>	<u>2,477,963</u>
Nonoperating Revenues (Expenses)			
Interest Income	397	101	498
Intergovernmental	-	116,262	116,262
Interest and Fiscal Charges	(811,881)	(648,714)	(1,460,595)
Total Non-Operating Revenues (Expenses)	<u>(811,484)</u>	<u>(532,351)</u>	<u>(1,343,835)</u>
Income (Loss) Before Transfers	186,926	947,202	1,134,128
Transfers In	<u>53,158</u>	<u>-</u>	<u>53,158</u>
Change in Net Assets	240,084	947,202	1,187,286
Net Assets, Beginning of Year, Restated	15,870,630	3,666,656	19,537,286
Net Assets, End of Year	<u>\$ 16,110,714</u>	<u>\$ 4,613,858</u>	<u>\$ 20,724,572</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from Services	\$ 3,249,789	\$ 4,839,773	\$ 8,089,562
Cash Received from Other Governments	-	2,435,709	2,435,709
Cash Received from Other Operating Sources	79,711	116,027	195,738
Cash Payments to Employees for Services	(795,675)	(3,822,318)	(4,617,993)
Cash Payments to Suppliers for Goods and Services	(946,636)	(1,494,117)	(2,440,753)
Cash Payments for Other Services	(17,574)	(72,088)	(89,662)
Net Cash Flows from Operating Activities	<u>1,569,615</u>	<u>2,002,986</u>	<u>3,572,601</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	53,158	-	53,158
Net Cash Flows from Noncapital Financing Activities	<u>53,158</u>	<u>-</u>	<u>53,158</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds of Notes	2,890,000	-	2,890,000
Payments for Capital Acquisitions	(100,637)	(2,825,099)	(2,925,736)
Principal Payments	(3,559,700)	(191,000)	(3,750,700)
Interest Paid	(721,134)	(685,464)	(1,406,598)
Intergovernmental	-	116,262	116,262
Net Cash Flows from Capital and Related Financing Activities	<u>(1,491,471)</u>	<u>(3,585,301)</u>	<u>(5,076,772)</u>
Cash Flows from Investing Activities			
Interest Income	397	101	498
Net Cash Flows from Investing Activities	<u>397</u>	<u>101</u>	<u>498</u>
Net Increase (Decrease) in Cash and Cash Equivalents	131,699	(1,582,214)	(1,450,515)
Cash and Cash Equivalents at Beginning of Year	2,569,168	4,456,257	7,025,425
Cash and Cash Equivalents at End of Year	<u>\$ 2,700,867</u>	<u>\$ 2,874,043</u>	<u>\$ 5,574,910</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Pollution Control</u>	<u>Logan Acres Home</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ 998,410	\$ 1,479,553	\$ 2,477,963
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	800,667	405,918	1,206,585
(Increase)/Decrease Assets:			
Accounts Receivable	(303,401)	204,670	(98,731)
Special Assesments Receivable	103,940	-	103,940
Due from Other Governments	-	(19,202)	(19,202)
Materials and Supplies Inventory	-	344	344
Prepaid Items	(8,322)	(26,833)	(35,155)
Increase/(Decrease) Liabilities:			
Accounts Payable	73,145	(18,221)	54,924
Accrued Wages	(8,805)	21,816	13,011
Compensated Absences Payable	(11,450)	25,023	13,573
Due to Other Governments	(4,233)	(38,856)	(43,089)
Deposits Held for Others	(70,336)	(31,226)	(101,562)
Total Adjustments	<u>571,205</u>	<u>523,433</u>	<u>1,094,638</u>
Net Cash Flows from Operating Activities	<u>\$ 1,569,615</u>	<u>\$ 2,002,986</u>	<u>\$ 3,572,601</u>

Schedule of Noncash Capital and Relating Financing Activities:

During 2011, the County capitalized \$174,910 of interest expense related to the Logan Acres construction project.

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2011

	Private Purpose Trust Fund	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 105,284	\$ 4,412,934
Cash and Cash Equivalents with Fiscal Agents	-	516,801
Receivables:		
Taxes	-	39,441,519
Special Assessments	-	1,025,727
Intergovernmental	-	2,629,380
Prepaid items	-	57,046
Total Assets	105,284	48,083,407
Liabilities		
Accounts Payable	-	43,360
Due To Other Governments	-	6,548,391
Undistributed Monies	-	41,463,305
Accrued Wages	-	28,351
Total Liabilities	-	48,083,407
Net Assets		
Held in Trust for Veterans:		
Non-Expendable	70,787	-
Expendable	34,497	-
Total Net Assets	\$ 105,284	\$ -

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Income	\$ 1,478
Total Additions	<u>1,478</u>
Deductions	
Other Operating Expense	<u>51</u>
Total Deductions	<u>51</u>
Change in Net Assets	1,427
Net Assets at Beginning of Year	103,857
Net Assets at End of Year	<u>\$ 105,284</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 1 – REPORTING ENTITY

The County of Logan (the County) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County was formed by an act of the Ohio General Assembly in 1818. The three-member Board of County Commissioners is the legislative and executive body of the County. The County Auditor is the chief fiscal officer. In addition, there are seven other elected administrative officials, each of whom is independent as set forth in Ohio Law. The officials are: Clerk of Courts, Coroner, Engineer, Prosecutor, Recorder, Sheriff, and Treasurer. The County's basic financial statements include accounts of all County's operations. The County's major operations include human and social services, certain health care and community assistance services, civil and criminal justice systems, road and bridge maintenance and general administrative services. In addition, the county also operates a water pollution control system and provides home services for individuals of the County.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financials 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. The County provides public safety protection within its boundaries and adjacent townships by mutual agreement contracts. The County provides basic utilities in the form of wastewater treatment. The County constructs and maintains roads and bridges within the County. The County also operates and maintains a recreation and conservation system.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; 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 their budget, the issuance of their debt or the levying of their taxes.

Based on the foregoing criteria, the financial activities of RTC Industries, Inc. have been presented in the accompanying basic financial statements as follows:

DISCRETELY PRESENTED COMPONENT UNIT

RTC Industries, Inc. - RTC Industries, Inc. (the Workshop) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Logan County Board of Developmental Disabilities, provides sheltered employment for adults with mental retardation or developmental disabilities in Logan County. The Logan County Board of DD provides the Workshop staff, salaries, transportation, equipment (except that used directly in the production of goods or rendering of services), staff to administer and supervise training programs, and other funds as necessary for the operation of the Workshop. Based on the significant services and resources provided by the County to the Workshop and the Workshop's sole purpose of providing assistance to mentally retarded or developmentally disabled adults of Logan County, the Workshop is reflected as a component unit of the County. It is reported separately to emphasize that it is legally separate from the County. The Workshop is presented as a governmental fund type component unit in a separate column in the financial statements. Complete financial statements for RTC Industries, Inc. may be obtained from the administrative offices at 36 County Road 32, Bellefontaine, Ohio 43311.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 1 – REPORTING ENTITY (Continued)

JOINTLY GOVERNED ORGANIZATIONS

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the CORSA. 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.

RELATED ORGANIZATIONS

Knowlton Public Library - The County is not involved in the budgeting process or operational management of the Library, nor does it subsidize or finance its operations. The County acts as the Library's debt servicing agent only to comply with statutory requirements.

EXCLUDED POTENTIAL COMPONENT UNITS

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

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but does not exercise primary oversight responsibility; accordingly the following have been excluded from the County's basic financial statements:

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB No. 20 the County has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989 to its proprietary activities. Election of this approach to accounting for proprietary activities by the County has required no change from prior years. The more 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 the fiduciary funds. 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 segment of the business-type activities of the County and for each program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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 programs 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 a more detail level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

(b) Fund Accounting

The County uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds are classified into three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds focus 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 be 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 General Fund, Auto and Gas Fund, and Board of Developmental Disabilities Fund are the County's major governmental funds:

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

Auto and Gas Fund - The Auto and Gas Fund is used to account for monies received by the County for State gasoline tax and vehicle registration fees used for County road and bridge improvement programs.

Board of Developmental Disabilities Fund - The County's Board of Developmental Disabilities Fund is used to account for a County-wide property tax levy and state and federal grants and reimbursements used for care and services for the mentally handicapped and retarded.

The other governmental funds of the County are for grants and other resources, debt service, and capital projects of the County whose uses are restricted, committed, or assigned to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County's two major enterprise funds are:

Water Pollution Control Fund - The Water Pollution Control fund is used to account for the financial transactions related to the water treatment service operations of the County.

Logan Acres County Home Fund - The Logan Acres County Home is used to account for home services for individuals of Logan County.

Fiduciary Funds

Fiduciary funds 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. The County does not have any pension trust funds or investment trust funds.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only trust fund (Chase Stuart Fund) is a private trust fund recorded as part of the fiduciary funds activities because the fund does not support any of the County's programs.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held in an exclusively custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Agency fund transactions typically involve only the receipt, temporary investment and distribution of these fiduciary resources.

(c) Measurement Focus

Government Wide Financial Statements

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

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and others 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 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 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.

(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 modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the 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 of 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 non-exchange 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: property taxes available as an advance, interest, grants, and rentals.

Deferred Revenue and Unearned Revenue

On the governmental funds balance sheet, deferred revenues represent receivables that do not meet the County's availability criteria for recognition in the current period, such as sales taxes, special assessments, gasoline taxes, motor vehicle license fees, homestead and rollback funding, permissive license taxes, local government funds, state and federal grants, and delinquent property taxes, whose availability is indeterminate. In subsequent periods, when revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. In addition, property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of satisfying all eligibility requirements, have been recorded as deferred revenue.

On the government-wide statement of net assets, unearned revenues represent property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, and other revenues received in advance of satisfying all eligibility requirements, have been recorded as deferred revenue.

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

Expenditures/Expenses

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Budget

An annual appropriated budget is legally required to be prepared for all funds of the County other than agency funds. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds, which the Commissioners directly appropriate, transfers of appropriations at the major account level or between appropriation levels require a resolution signed by at least two Commissioners.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the County Auditor 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 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 further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

Appropriations:

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of 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, 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 by an approval by at least two Commissioners. Several supplemental appropriation resolutions were legally enacted by the Commissioners during the year and were considered routine. The budget figures, which appear in the statement of budgetary comparisons, present the original and final appropriation amounts including all amendments and modifications.

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. On the GAAP basis, General Fund encumbrances outstanding at year-end are reported as Assigned for Encumbrances.

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 year and need not be reappropriated.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and Investments

For GASB reporting purposes the County considers "Equity in Pooled Cash and Investments" to be cash on hand, demand deposits, and all investments held by the County Treasurer; and "Cash and Cash Equivalents with Fiscal Agents" to be all cash, deposits, and investments not held by the County Treasurer or in the County's investment pool. The County Treasurer, by statute, invests all short-term cash surpluses. The residual investments are reported on the balance sheet as "Equity in Pooled Cash and Investments". Interest income was credited to the General, Ludlow Center Regional Planning, Program Income, Water Pollution Control, Logan Acres Bond Service, Escrow General Tax, and the Chase Stewart Expendable Trust Funds. Interest income earned by these funds in 2011 totaled \$328,160 on a cash-basis. Investments are reported at fair value (See Note 4). All coupon-bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straightline method; discounts are not amortized.

(g) Inventories

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 the 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. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

(h) Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal year 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 it was 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 government 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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$1,000 dollars. Public domain ("infrastructure") general capital assets consisting of roads and bridges have been capitalized under new requirements of the Governmental Accounting Standards Board. 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.

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets are depreciated, with the exception of land including land under road base. Improvements are depreciated over the remaining useful life 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	Business-Type Activities
Land Improvements	15-20 years	15-20 years
Buildings and Improvements	50 years	50 years
Furniture and Equipment	10 years	10 years
Vehicles	5 years	5 years
Water Pollution Control Infrastructure	N/A	70 years
Roads	15 years	N/A
Bridges	75 years	N/A

(j) Interfund Balances

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as “Advances To/From Other Funds.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Presently, there are no internal balances.

(k) Compensated Absences

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

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 on the proprietary fund financial statements. Bond issuance costs are deferred and amortized over the term of the related debt.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they are due and payable at year-end. Bonds, capital leases, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

(m) Fund Balance

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the County classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can be used for the specified purposes imposed by a formal action (resolution) of the County Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the County Commissioners remove or change the specified use by taking the same action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the County Commissioners, which includes giving the County Auditor the authority to constrain monies for intended purposes.

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(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 borrowings 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 majority of net assets reported as restricted represent state and federal grants and entitlements. The County did not have any restrictions through enabling legislation at year-end.

(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 water pollution control and county home resident charges for services. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

(p) Contribution of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grant or outside contributions of resources restricted to capital acquisition and construction. No contributed capital occurred during the current fiscal year.

(q) Interfund Activity

Transfers between governmental and business-type activities on the governmental-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 non-operating revenues/expense in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented of 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 Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current fiscal year.

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Estimates

The preparation of the financial statements in conformity with GAAP 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 – BUDGET BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures (budget basis) rather than Assigned or Restricted fund balance (GAAP).
- (d) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

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 Balances		
	General Fund	Auto and Gas Fund	Board of Developmental Disabilities Fund
Budget Basis	\$ (612,151)	\$ (320,593)	\$ (187,949)
Revenue Accruals	(868,447)	(100,907)	(170,127)
Expenditure Accruals	541,345	(47,697)	50,223
Encumbrances	479,882	184,076	45,724
Unclaimed Funds Activities	9,371	-	-
Recorder Equipment	(19,976)	-	-
Certificate of Title	52,353	-	-
GAAP Basis	\$ (417,623)	\$ (285,121)	\$ (262,129)

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify deposits held by the County into two categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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.

Inactive deposits are public deposits that the County has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Inactive moneys may be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time for a period not to exceed one hundred eighty days,
8. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts; and
9. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in divisions in divisions (1) or (2) of this section or cash or both securities and cash, equal value for equal value.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

(a) Cash on Hand

At year-end, the County Treasurer had \$8,000 in undeposited drawer and petty cash funds that is included in the financial statements as "Equity in Pooled Cash and Investments.

(b) Deposits with Financial Institutions

At year-end, the carrying amount of the County's deposits, including cash with fiscal agents, was \$24,121,693 and the bank balance was \$24,857,500. Of the County's bank balance, \$3,865,152 was covered by the Federal Deposit Insurance Corporation, while \$20,339,190 was exposed to custodial risk, as discussed below, with the remaining \$653,157 uninsured and uncollateralized with a broker agent.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. Protection of the County's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, all financial institutions must collateralize all public deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

Component Unit Cash and Cash Equivalents

The County's only discrete component unit considers all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents. All moneys are deposited into banks designated by RTC's governing board.

At year-end, the carrying amount of RTC's deposits and cash on hand was \$195,368 and the unadjusted bank balance was \$197,948. At December 31, 2011, FDIC insured the entire bank balance.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

(c) Investments

Interest Rate Risk: Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. The reporting of effective duration in the table below quantifies, to the fullest extent possible, the interest rate risk of the County's fixed income assets.

Investment Type	Fair Value	Investment Maturities		
		Less than one year	1 to 2 years	Greater than 2 years
Federal Home Loan Bank	\$ 1,999,950	\$ -	\$ 1,999,950	\$ -
Government National Mortgage Association	16,307	-	-	16,307
Federal National Mortgage Association	30,246	-	-	30,246
Corporate Note	505,534	-	505,534	-
Total	\$ 2,552,037	\$ -	\$ 2,505,484	\$ 46,553

Credit Risk: Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. At year-end, the County's investments were rated as follows:

Investment Type	Fair Value	Standard and Poor's Ratings	
		AAA	AA+
Federal Home Loan Bank	\$ 1,999,950	\$ 1,000,000	\$ 999,950
Government National Mortgage Association	16,307	16,307	-
Federal National Mortgage Association	30,246	30,246	-
Corporate Note	505,534	-	505,534
Total	\$ 2,552,037	\$ 1,046,553	\$ 1,505,484

The County's investment policy does not restrict individual investments except for those mentioned in the Ohio Rev. Code Section 135.35.

Concentration of Credit Risk: Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2011:

Investment Type	Fair Value	% of Total
Federal Home Loan Bank	\$ 1,999,950	78.37%
Government National Mortgage Association	16,307	0.64%
Federal National Mortgage Association	30,246	1.18%
Corporate Note	505,534	19.81%
Total	\$ 2,552,037	100%

RTC had no investments as of December 31, 2011.

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

(d) Reconciliation of Cash on Hand, Deposits and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2011:

<u>Cash and Investments Per Note</u>	
Carrying Amount of Deposits	\$ 24,121,693
Investments	2,552,037
Cash on Hand	8,000
Total	<u>\$ 26,681,730</u>
 <u>Cash and Investments Per Statement of Net Assets</u>	
Governmental and Business-Type Activities	\$ 21,646,711
Private-Purpose Trust Funds	105,284
Agency Funds	4,929,735
Total	<u>\$ 26,681,730</u>

(e) Deficit Fund Balances

The following governmental funds had deficit fund balances at December 31, 2011 as a result of expecting future fund transfers in. The debt service deficits will be eliminated through the future fund transfers as debt payment come due. The Solid Waste fund balance deficit will be eliminated once the County accumulates revenue fees to pay the related recycling center debt payments.

<u>Fund</u>	<u>Deficit</u>
LUC Regional Planning	\$ (743)
Logan County Solid Waste	(886,041)
Bond Retirement- Leach Ditch #780	(5,071)
Bond Retirement- McClure 77 Ditch	(5,340)
Bond Retirement- South Fork Ditch	(11,097)
Bond Retirement- Laughlin Ditch	(6,027)
Fiber Ring Construction Project	(1,365,842)

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 5 – INTERFUND TRANSACTIONS

The following is a summarized breakdown of the County's operating transfers for 2011.

Fund	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 860,145
Auto and Gas Fund	-	96,598
Other Governmental Funds	903,585	-
Total Governmental Funds	<u>\$ 903,585</u>	<u>\$ 956,743</u>
<u>Proprietary Funds:</u>		
Indian Lake Water Pollution Control	53,158	-
Total Proprietary Funds	<u>\$ 53,158</u>	<u>\$ -</u>
Totals	<u>\$ 956,743</u>	<u>\$ 956,743</u>

The transfers from the General Fund and Auto and Gas Fund to Other Governmental Funds and from the General Fund to the Indian Lake Water Pollution Control Fund represent normal recurring subsidies for operating and debt service expenditures.

NOTE 6 – ADVANCES

The changes in outstanding advances during 2011 were as follows:

Fund	Beginning Balance	New Advances	Advance Repayments	Ending Balance
General	\$ 31,475	\$ -	\$ -	\$ 31,475
Permanent Improvement Fund	15,844	-	-	15,844
Leach Ditch #780	(15,844)	-	-	(15,844)
McClure 77 Ditch	(13,604)	-	-	(13,604)
South Fork Ditch	(11,196)	-	-	(11,196)
Laughlin Ditch	(6,675)	-	-	(6,675)
IV-E	47,000	-	(47,000)	-
ARRA Grant	(47,000)	-	47,000	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These outstanding advances related to special assessment projects. As the County collects the special assessment payments, the advances will be repaid. The County expects the advance balances to be outstanding greater than one year.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 7 – RECEIVABLES

Receivables at December 31, 2011, consisted primarily of sales taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The total assessed value of real and public utility property for tax year 2011 was \$1,075,862,660. The full tax rate for all County operations applied to real property for the year ended December 31, 2011, was \$2.50 per \$1,000 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due February 10. If paid semi-annually, the first payment is due February 10, and the remainder payable by July 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business files a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

Ohio House Bill No. 66, which was signed into law in 2005, phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2011. The taxes were phased out by reducing the assessment rate on the property each year. Provisions of the bill also replace future revenues lost by the County due to the phasing out of the tax with reimbursements by the State of Ohio. In calendar years 2011-2017, the reimbursements will be phased out in entirety.

Property taxes receivable represents delinquent real and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2011 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real and public utility taxes that will become available to the County within the first 30 days of 2012 are shown as 2011 revenue; the remainder is shown as "Deferred Revenue".

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 7 – RECEIVABLES (Continued)

A detailed breakdown of intergovernmental receivables is as follows:

		Amounts
Governmental Activities:		
Local Government and Revenue Assistance	\$	330,937
Excess IRP Compensation		53,864
Gasoline and Excise Tax		926,847
Auto Registration Fees		830,710
Homestead and Rollback		408,196
Redistricting Implementation Funds		10,564
Indigent Counsel Fees		31,948
Online Pollworker Training Grant		760
VOCA Grant		8,890
Child Support Enforcement		14,639
Childrens Trust Grant		8,743
TPP Correction from State		27,133
Title XX		11,241
Bridges Grant		91,066
Medicaid Administrative Claiming Funds		34,747
Childrens Services Grants		363,648
Traffic Grant		7,263
Homeland Security Grant		20,611
Juvenile Court Grant		43,493
Transportation Grant		12,816
CHIP Grant		1,600
Byrne Memorial Grant		10,194
IV-E Administrative Grant		47,043
Total Governmental Activities	<u>\$</u>	<u>3,296,953</u>
Business-Type Activities		
Logan Acres-State Aid	<u>\$</u>	<u>257,287</u>

NOTE 8 – INSURANCE

The County is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program.

Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 9 – CAPITAL ASSETS

Capital asset activity for Governmental Activities during the fiscal year was as follows:

	Restated Beginning Balance (1)	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 4,230,574	\$ -	\$ (278,900)	\$ 3,951,674
Total Nondepreciable Assets	<u>4,230,574</u>	<u>-</u>	<u>(278,900)</u>	<u>3,951,674</u>
Depreciable Capital Assets				
Land Improvements	576,459	-	-	576,459
Building and Improvements	19,094,087	395,972	-	19,490,059
Machinery and Equipment	13,377,705	345,443	-	13,723,148
Vehicles	3,698,252	191,088	(164,295)	3,725,045
Infrastructure- Roads and Bridges	64,695,465	3,523,797	-	68,219,262
Total Depreciable Assets	<u>101,441,968</u>	<u>4,456,300</u>	<u>(164,295)</u>	<u>105,733,973</u>
Less accumulated depreciation				
Land Improvements	(367,743)	(22,660)	-	(390,403)
Building and Improvements	(6,142,766)	(382,960)	-	(6,525,726)
Machinery and Equipment	(7,094,716)	(865,097)	-	(7,959,813)
Vehicles	(2,943,925)	(166,349)	152,158	(2,958,116)
Infrastructure- Roads and Bridges	(19,977,013)	(2,299,167)	-	(22,276,180)
Total accumulated depreciation	<u>(36,526,163)</u>	<u>(3,736,233)</u>	<u>152,158</u>	<u>(40,110,238)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>64,915,805</u>	<u>720,067</u>	<u>(12,137)</u>	<u>65,623,735</u>
Total Capital Assets, Net	<u>\$ 69,146,379</u>	<u>\$ 720,067</u>	<u>\$ (291,037)</u>	<u>\$ 69,575,409</u>

(1) A detailed explanation of the County's capital asset beginning balance restatement can be found in Note 18.

Depreciation expense was charged to the governmental functions as follows:

General Government	
Legislative	\$ 657,871
Judicial	15,449
Conservation and Recreation	4,961
Public Works	2,611,041
Public Safety	253,663
Human Services	138,241
Health	54,759
Urban Redevelopment and Housing	248
Total depreciation expense	<u>\$ 3,736,233</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 9 – CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities during the fiscal year was as follows:

Water Pollution Control Capital Assets:	Restated Beginning Balance (1)	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 209,800	\$ -	\$ -	\$ 209,800
Total Nondepreciable Assets	209,800	-	-	209,800
Depreciable Capital Assets				
Land Improvements	336,647	-	-	336,647
Building and Improvements	15,043,089	-	-	15,043,089
Machinery and Equipment	3,700,114	100,637	(27,790)	3,772,961
Vehicles	353,225	-	-	353,225
Infrastructure	21,300,550	-	-	21,300,550
Total Depreciable Assets	40,733,625	100,637	(27,790)	40,806,472
Less accumulated depreciation				
Land Improvements	(192,186)	(3,747)	-	(195,933)
Building and Improvements	(3,252,387)	(207,573)	-	(3,459,960)
Machinery and Equipment	(3,212,074)	(43,931)	25,011	(3,230,994)
Vehicles	(285,673)	(17,484)	-	(303,157)
Infrastructure	(6,028,918)	(527,932)	-	(6,556,850)
Total accumulated depreciation	(12,971,238)	(800,667)	25,011	(13,746,894)
Depreciable Capital Assets, Net of accumulated depreciation	27,762,387	(700,030)	(2,779)	27,059,578
Total Capital Assets, Net	\$ 27,972,187	\$ (700,030)	\$ (2,779)	\$ 27,269,378

- (1) A detailed explanation of the County's capital asset beginning balance restatement can be found in Note 18.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 9 – CAPITAL ASSETS (Continued)

Logan Acres County Home:	Restated Beginning Balance (1)	Additions	Transfers	Ending Balance
Nondepreciable Capital Assets				
Construction in Progress	\$ 1,982,525	\$ 2,553,115	\$ (4,535,640)	\$ -
Total Nondepreciable Assets	<u>1,982,525</u>	<u>2,553,115</u>	<u>(4,535,640)</u>	<u>-</u>
Depreciable Capital Assets				
Land Improvements	1,453	-	-	1,453
Building and Improvements	12,344,886	-	4,535,640	16,880,526
Machinery and Equipment	658,287	29,794	-	688,081
Vehicles	71,923	-	-	71,923
Infrastructure	9,052	-	-	9,052
Total Depreciable Assets	<u>13,085,601</u>	<u>29,794</u>	<u>4,535,640</u>	<u>17,651,035</u>
Less accumulated depreciation				
Land Improvements	(552)	(138)	-	(690)
Building and Improvements	(1,771,919)	(378,790)	-	(2,150,709)
Machinery and Equipment	(535,193)	(21,760)	-	(556,953)
Vehicles	(63,523)	(4,800)	-	(68,323)
Infrastructure	(1,290)	(430)	-	(1,720)
Total accumulated depreciation	<u>(2,372,477)</u>	<u>(405,918)</u>	<u>-</u>	<u>(2,778,395)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>10,713,124</u>	<u>(376,124)</u>	<u>4,535,640</u>	<u>14,872,640</u>
Total Capital Assets, Net	<u>\$ 12,695,649</u>	<u>\$ 2,176,991</u>	<u>\$ -</u>	<u>\$ 14,872,640</u>

(1) A detailed explanation of the County's capital asset beginning balance restatement can be found in Note 18.

Component Unit Capital Assets:

A summary of changes in capital assets by class during the year ended December 31, 2011 is as follows:

RTC Industries, Inc. Capital Assets:	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Building	939,743	6,000	-	945,743
Machinery and Equipment	172,358	40,400	-	212,758
Furniture and Fixtures	28,603	-	-	28,603
Total Capital Assets, cost	<u>1,290,704</u>	<u>46,400</u>	<u>-</u>	<u>1,337,104</u>
Less accumulated depreciation	<u>(222,821)</u>	<u>(48,440)</u>	<u>-</u>	<u>(271,261)</u>
Total Capital Assets, Net	<u>\$ 1,067,883</u>	<u>\$ (2,040)</u>	<u>\$ -</u>	<u>\$ 1,065,843</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 10 – NOTES PAYABLE

The Ohio Revised Code provides that notes, including renewal notes, issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available fund of the County or a combination of these sources. The County is retiring its notes payable by issuance of one-year renewal notes until general obligation bonds are issued.

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance
<i>Capital Facilities Note:</i>				
Matures 11/9/11, 1.50%	\$ 1,400,000	\$ -	\$ (1,400,000)	\$ -
Matures 11/8/12, 1.50%	-	1,400,000	-	1,400,000
<i>Capital Facilities Note:</i>				
Matures 11/9/11, 1.50%	2,000,000	-	(2,000,000)	-
Matures 11/8/12, 1.50%	-	1,880,000	-	1,880,000
Total	<u>\$ 3,400,000</u>	<u>\$ 3,280,000</u>	<u>\$ (3,400,000)</u>	<u>\$ 3,280,000</u>
 Business-Type Activities				
<i>Sewer Improvement Note:</i>				
Matures 7/13/11, 1.50%	\$ 1,495,000	\$ -	\$ (1,495,000)	\$ -
Matures 7/13/11, 2.375%	-	1,445,000	(1,445,000)	-
Matures 11/8/12, 1.50%	-	1,445,000	-	1,445,000
Total	<u>\$ 1,495,000</u>	<u>\$ 2,890,000</u>	<u>\$ (2,940,000)</u>	<u>\$ 1,445,000</u>

In July 2011 the County renewed \$1,445,000 bond anticipation notes to partially pay for previously issued notes for the purpose of paying the cost of improving the Logan County Water Pollution Control District by constructing a new sewage pumping station and associated force main.

In November 2011 the County renewed \$1,400,000 of Capital Facilities Notes for the purpose of paying the costs of acquiring and installing an information systems infrastructure network to provide for high-speed telecommunications throughout the county.

In November 2011 the County renewed \$1,880,000 bond anticipation notes to partially pay previously issued notes for the purpose of upgrading the recycling site.

In November 2011 the County renewed \$1,445,000 bond anticipation notes for the purpose of paying the cost of improving the Logan County Water Pollution Control District by constructing a new sewage pumping station and associated force main.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 11 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Various Purpose Bonds, Series 2 Issued 11/1/02. 1.7% to 4.75%	\$ 5,273,375	\$ -	\$ (409,500)	\$ 4,863,875	\$ 426,250
Compensated Absences	1,347,214	1,004,918	(976,837)	1,375,295	638,679
Total Governmental Activities	<u>\$ 6,620,589</u>	<u>\$ 1,004,918</u>	<u>\$ (1,386,337)</u>	<u>\$ 6,239,170</u>	<u>\$ 1,064,929</u>
Business-Type Activities					
Sewer System Refunding Bonds Issued 11/13/2002, 1.7% to 3%	\$ 660,000	\$ -	\$ (45,000)	\$ 615,000	\$ 45,000
Sewer System Improvement Bonds, Series 2007, Issued 03/30/2007, 4.00%	2,215,000	-	(100,000)	2,115,000	95,000
O.W.D.A. Loan 07/23/1992, 5.2%	392,807	-	(151,100)	241,707	159,059
Sewer System Improvement Revenue Bonds, Series 2007A/B Issued 03/30/07, 4.125%	2,357,100	-	(28,100)	2,329,000	29,300
Sewer System Improvement Bonds Series 2008, Issued 12/17/08 3% to 5%	9,485,000	-	(250,000)	9,235,000	260,000
County Home Construction Bonds, 4% Issued 8/11/06, Matures 8/1/36	6,046,000	-	(127,000)	5,919,000	132,000
County Sewer Capital Facility Bonds Issued 11/01/02, 1.7% to 4.75%	196,625	-	(45,500)	151,125	48,750
County Home Revenue Bonds Issued 08/11/06, 4.5%	2,791,000	-	(59,000)	2,732,000	61,000
County Home Improvement Bonds, Series A Issued 07/21/10, 2.0% to 3.0%	160,000	-	(5,000)	155,000	5,000
County Home Improvement Bonds, Series B Issued 07/21/10, 4.51% to 6.67%	2,130,000	-	-	2,130,000	-
County Home Improvement Bonds, Series C Issued 07/21/10, 6.82%	2,240,000	-	-	2,240,000	-
Compensated Absences Payable	223,038	161,020	(147,447)	236,611	138,886
Total Business-Type Activities	<u>\$ 28,896,570</u>	<u>\$ 161,020</u>	<u>\$ (958,147)</u>	<u>\$ 28,099,443</u>	<u>\$ 973,995</u>

In December 1992, the County issued \$2,093,141 of Ohio Water Development Authority (“OWDA 1992”) Collection Sewers and Separation Notes under a cooperative agreement for construction, maintenance, and operation of a sewer project within the County’s Indian Lake Water Pollution Control District.

In November 2002, the County issued \$11,015,000 of Various Purpose Bonds, Series 2002 and \$1,865,000 of its own funds to advance refund various Bonds and to currently refund the Sewer Bonds; Jail Construction and Capital Facility Notes; and Sanitary Improvement notes.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 11 – LONG TERM LIABILITIES (Continued)

In August, 2006, the County issued \$3,000,000 of County Home Revenue Bonds and \$6,500,000 of County Home Construction Bonds, Series 2006, to finance the construction of a new county home.

In March 2007 the County issued \$2,485,000 of Sewer System Improvement General Obligation Bonds, Series 2007, for the purpose of constructing Huntsville-Cherokee-Manns area sanitary sewers.

In March 2007 the County issued \$2,410,000 of Sewer System Improvement Revenue Bonds, Series A/B, for the purpose of paying the cost of improving the Logan County Water Pollution Control District by constructing sanitary sewers and installing individual grinder pumping stations.

In December 2008 the County issued \$9,500,000 of Sewer System Improvement Bonds, series 2008 for the purpose of paying the cost of improving the wastewater treatment plant, including constructing a new sewage pumping station and associated force main, an equalization basin, a septage receiving station, new office facilities, and a pump maintenance building, installing a fine screening facility, solids handling equipment, aerobic equipment, disinfection equipment, a current age design aeration system, yard piping, electrical control systems, and ventilation and air handling systems.

In July 2010, the County issued \$4,530,000 of County Home Improvement Bonds, Series 2010 A/B/C, for the purpose of renovations and new construction of the Homestead assisted living facility to the existing Logan Acres operations. The Series B bonds were issued under the Build America Bonds where 35% of interest payments made by the County are remitted back to the County and are reported as revenues. The Series C bonds were issued under the Recovery Zone Bonds where 35% of interest payments made by the County are remitted back to the County and are reported as revenues.

The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one-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 following is a summary of the County's future annual debt service requirements for long-term debt:

	Various Purpose Bonds, Series 2002			Sewer System Refunding Bonds, Series 2002		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ 426,250	\$ 228,906	\$ 655,156	\$ 45,000	\$ 29,250	\$ 74,250
2013	444,625	212,708	657,333	45,000	27,540	72,540
2014	463,000	195,146	658,146	50,000	25,763	75,763
2015	370,000	176,163	546,163	50,000	23,713	73,713
2016	385,000	156,738	541,738	50,000	21,088	71,088
2017-2021	2,255,000	462,926	2,717,926	305,000	62,300	367,300
2022	520,000	24,700	544,700	70,000	3,326	73,326
Total	<u>\$ 4,863,875</u>	<u>\$ 1,457,287</u>	<u>\$ 6,321,162</u>	<u>\$ 615,000</u>	<u>\$ 192,980</u>	<u>\$ 807,980</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 11 – LONG TERM LIABILITIES (Continued)

	Sewer System Improvement Bonds, Series 2007			OWDA Loan		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ 95,000	\$ 84,600	\$ 179,600	\$ 159,058	\$ 10,527	\$ 169,585
2013	100,000	80,800	180,800	82,649	2,146	84,795
2014	105,000	76,800	181,800	-	-	-
2015	110,000	72,600	182,600	-	-	-
2016	115,000	68,200	183,200	-	-	-
2017-2021	635,000	269,200	904,200	-	-	-
2022-2026	780,000	131,000	911,000	-	-	-
2027	175,000	7,000	182,000	-	-	-
Total	\$ 2,115,000	\$ 790,200	\$ 2,905,200	\$ 241,707	\$ 12,673	\$ 254,380

	Sewer System Improvement Bonds, Series 2007			Sewer System Improvement Bonds, Series 2008		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ 29,300	\$ 96,072	\$ 125,372	\$ 260,000	\$ 437,824	\$ 697,824
2013	30,500	94,863	125,363	270,000	429,374	699,374
2014	31,700	93,605	125,305	275,000	419,924	694,924
2015	33,000	92,297	125,297	285,000	410,298	695,298
2016	34,400	90,935	125,335	300,000	400,000	700,000
2017-2021	194,300	432,043	626,343	1,700,000	1,456,950	3,156,950
2022-2026	237,800	388,683	626,483	2,125,000	1,456,624	3,581,624
2027-2031	291,100	335,426	626,526	1,015,000	910,960	1,925,960
2032-2036	356,400	270,219	626,619	3,005,000	208,760	3,213,760
2037-2041	436,300	190,365	626,665	-	-	-
2042-2046	533,800	92,654	626,454	-	-	-
2047	120,400	4,966	125,366	-	-	-
Total	\$ 2,329,000	\$ 2,182,128	\$ 4,511,128	\$ 9,235,000	\$ 6,130,714	\$ 15,365,714

	County Home Construction Bonds, 2006			County Home Sewer Bonds, Series 2002		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ 132,000	\$ 267,085	\$ 399,085	\$ 48,750	\$ 3,285	\$ 52,035
2013	139,000	260,415	399,415	50,375	4,122	54,497
2014	145,000	254,160	399,160	52,000	2,132	54,132
2015	152,000	247,635	399,635	-	-	-
2016	158,000	241,455	399,455	-	-	-
2017-2021	906,000	1,091,016	1,997,016	-	-	-
2022-2026	1,128,000	867,987	1,995,987	-	-	-
2027-2031	1,406,000	590,218	1,996,218	-	-	-
2032-2036	1,753,000	243,893	1,996,893	-	-	-
Total	\$ 5,919,000	\$ 4,063,864	\$ 9,982,864	\$ 151,125	\$ 9,539	\$ 160,664

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 11 – LONG TERM LIABILITIES (Continued)

	County Home Revenue Bonds, Series 2006			County Home Improvement Bonds, Series 2010A		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ 61,000	\$ 123,277	\$ 184,277	\$ 5,000	\$ 4,000	\$ 9,000
2013	64,000	120,195	184,195	15,000	3,900	18,900
2014	67,000	117,315	184,315	30,000	3,600	33,600
2015	70,000	114,300	184,300	45,000	2,925	47,925
2016	73,000	111,455	184,455	60,000	1,800	61,800
2017-2021	417,000	503,726	920,726	-	-	-
2022-2026	521,000	400,990	921,990	-	-	-
2027-2031	650,000	272,505	922,505	-	-	-
2032-2033	809,000	112,487	921,487	-	-	-
Total	<u>\$ 2,732,000</u>	<u>\$ 1,876,250</u>	<u>\$ 4,608,250</u>	<u>\$ 155,000</u>	<u>\$ 16,225</u>	<u>\$ 171,225</u>

	County Home Improvements Bonds, Series 2010B			County Home Improvements Bonds, Series 2010C		
	Principal	Interest	Totals	Principal	Interest	Totals
2012	\$ -	\$ 130,931	\$ 130,931	\$ -	\$ 152,768	\$ 152,768
2013	-	130,931	130,931	-	152,768	152,768
2014	-	130,931	130,931	-	152,768	152,768
2015	-	130,931	130,931	-	152,768	152,768
2016	-	130,931	130,931	-	152,768	152,768
2017-2021	635,000	593,578	1,228,578	-	763,840	763,840
2022-2026	765,000	392,884	1,157,884	-	763,840	763,840
2027-2031	730,000	124,396	854,396	220,000	763,840	983,840
2032-2036	-	-	-	1,195,000	531,960	1,726,960
2037-2041	-	-	-	825,000	113,896	938,896
Total	<u>\$ 2,130,000</u>	<u>\$ 1,765,513</u>	<u>\$ 3,895,513</u>	<u>\$ 2,240,000</u>	<u>\$ 3,701,216</u>	<u>\$ 5,941,216</u>

Pledged Revenues on Debt Issuances – The County has pledged future Logan Acres home revenues, net of specified operating expenses, to repay \$3.0 million in county home revenue bonds issued in August 2006. Proceeds from the bonds provided financing for the construction of the Logan Acres facility. The bonds are payable solely from the home customers net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 20 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,608,250. Principal and interest paid for the current year and total customer net revenues in 2011 were \$184,595 and \$1,479,553, respectively.

The County also has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2.41 million in sewer system improvement revenue bonds issued in March 2007. Proceeds from the bonds provided financing for the construction of sanitary sewers and installing individual grinder pumping stations. The bonds are payable solely from sewer customer net revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,511,128. Interest paid for the current year and total customer net revenues in 2011 were \$125,330 and \$998,410, respectively.

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 11 – LONG TERM LIABILITIES (Continued)

Component Unit Long Term Debt

A summary of changes in long term debt during the year ended December 31, 2011 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Mortgage Payable:					
Citizen Federal Savings and Loan					
Matures 2022, 6.00%	\$ 290,011	\$ -	\$ (19,208)	\$ 270,803	\$ 19,807
Accrued Vacation	14,426	14,689	(14,426)	14,689	14,689
Total Component Unit					
Long Term Liabilities	<u>\$ 304,437</u>	<u>\$ 14,689</u>	<u>\$ (33,634)</u>	<u>\$ 285,492</u>	<u>\$ 34,496</u>

The Following is a summary of the RTC's future annual debt payment requirements for long-term debt:

	Mortgage Payable		
	Principal	Interest	Totals
2012	\$ 19,807	\$ 16,280	\$ 36,087
2013	20,995	15,091	36,086
2014	22,255	13,831	36,086
2015	23,590	12,496	36,086
2016	25,006	11,081	36,087
2017-2021	149,416	31,015	180,431
2022-2023	9,734	1,138	10,872
Total	<u>\$ 270,803</u>	<u>\$ 100,932</u>	<u>\$ 371,735</u>

The proceeds of the mortgage were used to purchase a new building with extensive renovations for the job employment services division of RTC. The mortgage is backed by the real estate and property located on 338 East Columbus Avenue.

NOTE 12 – COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the Government Wide Basic Financial Statements. Upon termination of County service, a fully vested employee is entitled to 25% of their accumulated sick leave not to exceed 30 days, plus all accumulated vacation and overtime. At December 31, 2011 vested vacation, compensatory, and sick leave benefits for governmental activity and business-type activity employees totaled \$1,375,295 and \$236,611, respectively.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 13 – DEFINED BENEFIT PENSION PLANS

The employees of the County are covered by either the Ohio Public Employees Retirement System or the State Teachers Retirement System. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Ohio Public Employees Retirement System (OPERS)

All County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP) a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan (CO) - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

The authority to establish and amend benefits is established by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Tradition Pension Plan.

The 2011 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6% respectively.

The 2011 employer contribution rate for local government employer units was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll. The County's contributions to OPERS for all employees for the years ended December 31, 2011, 2010, and 2009, were \$2,719,386, \$2,770,120, and \$2,704,418, respectively, equal to the required contributions in each year.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement Systems

The County contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – The member allocates Member contributions, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)

Eligible faculty of Ohio' public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contributions rate are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the year ended December 31, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent. The County's required contribution for pension obligations for the years ended December 31, 2011, 2010 and 2009 were \$124,075, \$131,237, and \$136,969, respectively, equal to the required contributions for each year.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio 2010 Comprehensive Annual Financial Report will be available after December 17, 2010. Additional information or copies of STRS Ohio's 2010 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Board St., Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2011, none have elected Social Security.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BEEFITS

Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan is a cost-sharing multiple-employer defined benefit pension plan; The Member-Directed Plan is a defined contribution plan; and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employer units contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to the health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to changes during calendar year 2012. The OPERS Retirement Board is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payments amounts vary depending on the number of covered dependents and the coverage selected.

The County's contribution to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$2,719,386, \$2,770,120, and \$2,704,418, respectively, of which \$776,929, \$1,003,224, and \$1,355,153, respectively, was allocated to the healthcare plan. The County's contributions were equal to the required contribution in each year.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 14 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BEEFITS (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan

State Teachers Retirement System

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current plan includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Pursuant to 3307 of the Revised Code (R.C.) the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strs.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post employment health care for the years ended June 30, 2011, 2010, and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contribution to STRS for the years ending December 31, 2011, 2010, and 2009 were \$124,075, \$131,237, and \$136,969, respectively, of which \$8,862, \$9,405, and \$9,774, respectively, was allocated to the STRS post employment healthcare plan. The County's contributions were equal to the required contributions in each year.

NOTE 15 – DEFERRED COMPENSATION PLAN

County employees and elected officials participate in a statewide deferred compensation plan created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

NOTE 16 – RELATED PARTY TRANSACTIONS

RTC Industries, Inc. – RTC Industries Inc., a discretely presented component unit of the County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and expenses at cost or fair market value as applicable, in the financial statements of the corporation. In 2011, the value of these contributions totaled \$401,690.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 17 – CONTINGENT LIABILITIES

Federal and State Grants

The County participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Pending Litigation

The County is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the County's counsel that a resolution of this matter will not have a material adverse effect on the financial condition of the County.

NOTE 18 – FUND BALANCE/NET ASSETS ADJUSTMENTS

The County's fiscal year 2010 financial statements contained a revenue recognition error relating to special assessments, as well as an error in the accumulation of depreciation on capital assets. Because such amounts are the product of adjustments from a prior period, they are not properly included as part of the results of operations of the current period, rather are reported as a direct adjustment to beginning fund balance/net assets to restate those amounts to what they would have been had the errors not occurred.

In addition, due to the implementation of GASB 54, the County's Unclaimed Monies, Certificate of Title, Recorders Equipment, and Long Term Environment funds were reclassified as part of the General Fund. The Unclaimed Monies fund was classified as a Private-Purpose Trust Fund in the prior year and the Certificate of Title, Recorders Equipment, and Long Term Environment funds were classified as Other Governmental Funds in the prior year.

The effects of the GASB 54 reclassifications are as follows:

	General Fund	Other Governmental Funds
Fund Balance, December 31, 2010	\$ 2,212,347	\$ 6,659,642
GASB 54 Reclassifications:		
Unclaimed Monies	102,541	-
Recorder Equipment	112,531	(112,531)
Certificate of Title	580,914	(580,914)
Long Term Environment	54,542	(54,542)
Fund Balance, January 1, 2011	\$ 3,062,875	\$ 5,911,655

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

NOTE 18 – FUND BALANCE/NET ASSETS ADJUSTMENTS (Continued)

The effects of the accounting corrections are as follows:

	Water Pollution Control Fund	Logan Acres Home Fund	Governmental Activities	Business- Type Activities
Net Assets, December 31, 2010	\$ 15,070,048	\$ 3,950,138	\$ 80,545,410	\$ 19,020,186
GASB 54 Reclassification Unclaimed Monies Fund	-	-	102,541	-
Corrections:				
Special Assessments	1,522,488	-	-	1,522,488
Capital Assets, Net	(721,906)	(283,482)	2,422,314	(1,005,388)
Net Assets, January 1, 2011	<u>\$ 15,870,630</u>	<u>\$ 3,666,656</u>	<u>\$ 83,070,265</u>	<u>\$ 19,537,286</u>

NOTE 19 – RTC INDUSTRIES PRIOR PERIOD ADJUSTMENT

Last year an accounts receivable in the amount of \$100,298 was due from the Board of Developmental Disabilities for what was thought to be owed to RTC. In reality this was an expense for RTC on a cooperative agreement with the Board of DD. A prior period adjustment was made writing off the receivable and thus decreasing net assets of RTC. The adjustment had the following effect on net assets in the prior year:

	Component Unit
Net Assets, December 31, 2010	\$ 1,209,757
Accounts Receivable Write-off	(100,298)
Net Assets, January 1, 2011	<u>\$ 1,109,459</u>

**Logan County Financial Condition
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2011**

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Award Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through the Ohio Department of Job & Family Services</i>			
Food Stamp Cluster:			
Supplemental Nutrition Assistance Program	G-1011-11-5068	10.561	\$ 215,482
<i>Passed Through Ohio Department of Education</i>			
Nutritional Cluster:			
National School Breakfast Program	05-PU-09	10.553	7,120
National School Lunch Program	LLP4-09	10.555	13,103
Total Nutrition Cluster			<u>20,223</u>
Total U.S. Department of Agriculture			<u>235,705</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Pass through the Ohio Department of Development</i>			
CDBG - Entitlement Grants Cluster	NSP-08-14-3	14.218	33,039
CDBG - State's Program and Non-Entitlements	B-C-09-1BP-1	14.228	92,886
Home Investment Partnerships Program	B-C-09-1BP-2	14.239	228,402
Total U.S. Department of Housing and Urban Development			<u>354,327</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
ARRA - Combat Rural Crime Grant	2009-SD-B9-0209	16.810	106,585
<i>Passed through the Ohio Attorney General's Office</i>			
Crime Victim Assistance	2011 VAGENE007	16.575	35,683
Crime Victim Assistance	2012 VAGENE007	16.575	12,669
Total Crime Victim Assistance			<u>48,352</u>
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
Edward Byrne Memorial JAG - Crime Prevention Program	2009-JG-C01-6619	16.738	38,676
Edward Byrne Memorial JAG - Jail Programs	2010-JG-001-6858	16.738	22,818
Edward Byrne Memorial JAG - Overtime	2010-JG-A02-6821	16.738	61,574
Edward Byrne Memorial JAG - Overtime	2010-JG-LLE-5281	16.738	16,651
ARRA-Edward Byrne Memorial Justice Assistance Grant - Overtime Grai	2009-RA-LLE-2119	16.803	1,275
ARRA-Edward Byrne Memorial Justice Assistance Grant - Specialty Doc	2009-RA-C01-2178	16.803	37,389
Total JAG Program Cluster			<u>178,383</u>
Total U.S. Department of Justice			<u>333,320</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed through the Ohio Department of Job & Family Services and Area 7 Workforce Investment Board</i>			
Unemployment Insurance	2010-7346	17.225	7,526
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult	2010-7346	17.258	105,156
Workforce Investment Act - Youth	2010-7346	17.259	89,512
Workforce Investment Act - Dislocated Worker	2010-7346	17.278	357,574
ARRA- Workforce Investment Act - Dislocated Worker	2010-7346	17.278	58,956
Total Workforce Investment Act Cluster			<u>611,198</u>

(Continued)

**Logan County Financial Condition
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2011**

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Award Disbursements
Employment Service Cluster:			
Workforce Investment Act - Employment Services	2010-7346	17.207	1,118
Workforce Investment Act - Disables Veterans' Outreach Program (DVOI)	2010-7346	17.801	36
Workforce Investment Act - Local Veterans' Employment Program (LVEF)	2010-7346	17.804	4
Total Employment Service Cluster			<u>1,158</u>
Total U.S. Department of Labor			<u>619,882</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Grant	PID #87270	20.205	27,437
Highway Planning and Construction Grant	PID #90492	20.205	50,000
Highway Planning and Construction Grant	PID #90189	20.205	6,618
Total Highway Planning and Construction Grant			<u>84,055</u>
<i>Passed through the Ohio Department of Public Safety</i>			
Traffic Grant	HVEO-2011-46-00-00-00-469-00	20.600	34,823
Traffic Grant	HVEO-2012-46-00-00-00-313-00	20.600	4,465
State Traffic Safety Information System Improvements Grant	LBRS-2011-46-00-00-00-971-00	20.610	44,540
Total Highway Safety Cluster			<u>83,828</u>
Hazardous Material Emergency Preparedness Grant	(1)	20.703	3,400
Total U.S. Department of Transportation			<u>171,283</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed through the Ohio Rehabilitation Services Commission</i>			
Vocational Rehabilitation Grants to States - Bridges to Transition	(1)	84.126	28,282
<i>Passed through Marion County Board of Developmental Disabilities</i>			
Ascend	(1)	84.126	21,710
Total Vocational Rehabilitation Grants to States			<u>49,992</u>
<i>Passed through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education Preschool Grants	PGS1-2010	84.173	38,951
ARRA - Special Education Preschool Grants	PGS1-2010	84.392	42,283
Total Special Education Cluster			<u>81,234</u>
Total U.S. Department of Education			<u>131,226</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
<i>Passed through the Ohio Secretary of State</i>			
Voting Access for Individuals with Disabilities - Grants to States	06-SOS-HHHS-46	93.617	3,453
Total U.S. Election Assistance Commission			<u>3,453</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed through the Ohio Department of Job & Family Services</i>			
Promoting Safe and Stable Families	G-1011-11-5068	93.556	72,090
Temporary Assistance for Needy Families (TANF)	G-1011-11-5068	93.558	838,988
Child Support Enforcement Grant	G-1011-11-5068	93.563	416,324

(Continued)

**Logan County Financial Condition
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2011**

Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Award Disbursements
Child Care and Development Block Grant Program Cluster:			
Child Care and Development Block Grant	G-1011-11-5068	93.575	12,915
Child Care Mandatory and Matching Funds of the Child Care Program	G-1011-11-5068	93.596	45,774
Total Child Care and Development Block Grant Program Cluster			<u>58,689</u>
Child Abuse and Neglect Prevention Month	G-1011-11-5068	93.590	1,913
Child Welfare Services - Grants to States	G-1011-11-5068	93.645	107,686
Foster Care - Title IV-E	G-1011-11-5068	93.658	375,632
Adoption Assistance - Title IV-E	G-1011-11-5068	93.659	315,695
Social Services Block Grant - Title XX			
<i>Passed through the Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant - Title XX	G-1011-11-5068	93.667	46,487
<i>Passed through the Ohio Department of Job & Family Services</i>			
Social Services Block Grant - Title XX	G-1011-11-5068	93.667	456,864
Total Social Services Block Grant - Title XX			<u>503,351</u>
Medical Assistance Program			
<i>Passed through the Ohio Department of Job & Family Services</i>			
Medical Assistance Program	G-1011-11-5068	93.778	295,741
<i>Passed through the State Department of MRDD</i>			
Medicaid Administrative Claiming		93.778	198,134
ARRA - Title XIX -Federal Medicaid Assistance Percentage Increase	(1)	93.778	27,245
Total Title XIX - Medical Assistance Program			<u>521,120</u>
Total U.S. Department of Health and Human Services			<u>3,211,488</u>
<u>U.S DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Ohio Department of Public Safety Emergency Management Agency</i>			
Emergency Management Performance Grant	2010-EP-00-0003	97.042	72
Emergency Management Performance Grant	EMW-2011-EP- 00003-S01	97.042	38,571
Total Emergency Management Performance Grants			<u>38,643</u>
Homeland Security Grants			
State Homeland Security Program	2008-GE-T8-0025	97.067	3,285
State Homeland Security Program	2009-SS-T9-0089	97.067	55,069
Citizen Corps Program	2009-SS-T9-0089	97.067	875
State Homeland Security Program	2010-SS-T0-0012	97.067	27,295
Total Homeland Security Grants			<u>86,524</u>
Total Department of Homeland Security			<u>125,167</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 5,185,851</u>

(1) Pass through number not available or multiple.

LOGAN COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2011

Note 1 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Logan County, Ohio (the County). The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included on the Schedule.

Note 2 – Basis of Accounting

The accompanying Schedule of Federal Awards has been prepared using the cash basis of accounting in accordance with the format set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 3 – Matching Requirements

Certain federal programs require the county contribute non-federal funds (matching funds) to support the federally funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule of Expenditures of Federal Awards.

Note 4 – Community Development Block Grant (CDBG)

The County received several different grants that fall under CDBG and within each grant there are various programs for projects within the County. The County primarily uses these funds for street improvements within the county, historical preservation projects and the fair housing program. The fair housing program allows the County to provide low-interest loans to eligible persons for the rehabilitation of their homes.

Note 5 – Transfers between Federal Programs

The U.S. Department of Health and Human Services permits the Ohio Department of Job and Family Services (ODJFS) to transfer funds from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program and the Child Care and Development (93.596) program. In recent years, a portion of Logan County's Social Services Block Grant and Child Care and Development program allocations from ODJFS represent allowable TANF transfer funds.

During fiscal year 2011, ODJFS transferred \$251,486 and \$0 of the County's Temporary Assistance for Needy Families (93.558) funds to the Social Services Block Grant program and Child Care Development program, respectively.

The Schedule of Expenditures of Federal Awards shows the County spent \$838,988 on the Temporary Assistance for Needy Families program. The amount reported for the Temporary Assistance for Needy Families program on the Schedule of Expenditures of Federal Awards excludes the amount ODJFS transferred to the Social Services Block Grant program and the Child Care and Development program. The amount ODJFS transferred to the Social Services Block Grant program is included in the federal program expenditures for this program. The amount ODJFS transferred to the Child Care and Development program is included in the federal program expenditures for this program. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during the fiscal year 2011:

Total Temporary Assistance for Needy Families.....	\$ 1,090,474
Total reported as Social Services Block Grant.....	(251,486)
Total reported as Child Care and Development.....	(0)
Total reported as Temporary Assistance for Needy Families.....	<u>\$ 838,988</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

County Board of Commissioners
Logan County, Ohio
117 E. Columbus Ave.
Bellefontaine, Ohio 43311

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 29, 2012, in which it was noted the County adopted the provisions of GASB Statement No. 54 and made certain corrections of capital assets and special assessment revenue in 2011. We did not audit the financial statements of RTC Industries, Inc., the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2011-1. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the County in a separate letter dated June 29, 2012.

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

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



Springfield, Ohio
June 29, 2012

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

County Board of Commissioners
Logan County, Ohio
117 E. Columbus Ave.
Bellefontaine, Ohio 43311

Compliance

We have audited the compliance of Logan County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

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

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test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-2, 2011-3, and 2011-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We also certain matters involving federal compliance or internal control over federal compliance, not requiring inclusion in this report, that we reported to the County's management in a separate letter dated June 29, 2012.

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

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



Springfield, Ohio
June 29, 2012

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133? Yes

Identification of major programs:

- CFDA 16.810 – Combat Rural Crime Grant - ARRA
- CFDA 14.239 – Home Investment Partnership Program
- Workforce Investment Act Cluster:
 - CFDA 17.258 – Workforce Investment Act - Adult
 - CFDA 17.259 – Workforce Investment Act – Youth
 - CFDA 17.278 – Workforce Investment Act – Dislocated Worker
- CFDA 93.558 – Temporary Assistance for Needy Families
- CFDA 93.658 – Foster Care - Title IV-E
- CFDA 93.778 – Medical Assistance Program

Dollar threshold to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

2011-1: Significant Deficiency – Financial Reports:

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the County. Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes.

As a result of our audit, we identified an error in the County's financial statements pertaining to the implementation of GASB 54. Additionally, several unadjusted audit differences were noted for reporting receivables, accounts payable, capital assets, and revenue classifications that were identified by the County's management as immaterial to the financial statements for each opinion unit. In combination of the audit differences and implementation of accounting standards, an internal control deficiency regarding financial reporting is noted. Further emphasis on the County's ability to properly review the financial statements to identify errors shall enhance subsequently issued financial statements.

Officials Response: The County continues to communicate with the consultant in the area of financial reporting during the GAAP conversion process.

Section III – Federal Awards Findings and Questioned Costs

2011-2: Significant Deficiency: Cash Management

Program: HOME Investment Partnership Program (CFDA No. 14.239)

Award Year: 2009

Federal Agency: U.S. Department of Housing and Urban Development

Pass-Through Agency: Ohio Department of Development

Condition: During the audit, we noted the County's HOME Investment Partnership Grant drawdowns were not always expended below the limited dollar threshold balance within the time frame set by federal grant regulations.

Criteria: The OHCP Financial Management Handbook, Section 3(f), states "The grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating the prompt disbursement of funds". This rule states that funds drawn should be limited to a balance of less than \$5,000.

Effect: Failure to properly expend advanced grant money in accordance with program requirements could result in loss of funding or other actions by the funder.

Cause: Although the County has contracted with a consultant for help in preparation of HOME grant advance drawdowns, the County is responsible for assuring advances are expended in a timely manner by implementing procedures to ensure requirements are met.

Recommendation: We recommend the County implement procedures to more accurately forecast cash requirements to ensure HOME grant advanced moneys are expended timely to comply with federal regulations.

Officials Response: The County continues to communicate with the consultant in the area of federal awards for this issue.

2011-3: Significant Deficiency: Reporting Requirements
Program: HOME Investment Partnership Program (CFDA No. 14.239)
Award Year: 2009
Federal Agency: U.S. Department of Housing and Urban Development
Pass-Through Agency: Ohio Department of Development

Condition: The Final Performance Report for the 2009 HOME Investment Partnership program was not filed by the date specified by ODOD.

Criteria: The Final Performance Report for CHIP grants ending must be completed and submitted to OHCP in accordance with the grant agreements approved through the Ohio Department of Development. The County's HOME Program fiscal year 2009 grant agreement specifies in the closeout requirements that the Final Performance Reports are to be submitted by December 31, 2011.

Effect: Failure to properly report in accordance with program requirements could result in loss of funding or other actions by the funder.

Cause: Although the County has assigned the preparation of the CHIP grants reports to their consulting firm, the County is ultimately responsible for assuring timely filing by implementing procedures to ensure reporting requirements are met.

Recommendation: We recommend the County implement procedures to more closely monitor program timelines to assure that reports are filed when due.

Officials Response: The County continues to communicate with the consultant in the area of federal awards for this issue.

2011-4: Significant Deficiency: Reporting Requirements
Program: Workforce Investment Act Cluster (CFDA No. 17.258, 17.259 & 17.278)
Award Year: 2011
Federal Agency: U.S. Department of Labor
Pass-Through Agency: Ohio Department of Jobs and Family Services and Area 7 Workforce Investment Board

Condition: During the audit, the County did not comply with reporting to Area 7 Agency of Ohio one of the quarterly 1512 forms as the County participated in ARRA funded WIA grant programs during 2011.

Criteria: American Recovery and Reinvestment Act of 2009 (ARRA), section 1512 (b) & (c) requires any entity that receives certain Recovery funds directly from the Federal Government to submit to the Federal Agency no later than 10 days after the end of each calendar quarter in which the Federal Recovery funds were received. The Area 7 Agency's American Recovery and Reinvestment Act Reporting Guidance states that Area 7 Agency, as a prime recipient of ARRA funding, is required to report quarterly to the federal government data on ARRA programs. The County did not receive direct ARRA funding under the WIA programs. However, the Area 7 Agency's reporting guidance indicates that the Agency distributes ARRA funds to local job and family services department as subrecipients and must collect quarterly data from the County's to meet the 1512 reporting requirements associated with ARRA funding. Thus, the 1512 reporting requirements filter down to the County and the County is required to report certain information to Area 7 Agency. Among the items to be reported, the vendor name and zip code are required for each vendor paid to date that received a single payment, from a single ARRA grant, in excess of \$25,000. In addition, the number of jobs under the ARRA funded grant program is required to be reported.

Effect: Failure to properly report in accordance with program requirements could result in loss of funding or other actions by the funder.

Cause: The County did not implement procedures to ensure that all vendors receiving single payments of \$25,000 and number of jobs were reported on the 1512 ARRA data submitted to Area 7 Agency on a quarterly basis. Supporting documents should be maintained to corroborate the reporting of such data in relation to the 1512 ARRA requirements.

Recommendation: We recommend the County implement procedures to ensure that all vendors receiving single payments of \$25,000 and the number of jobs are reported on the 1512 ARRA reports to comply with federal regulations.

Officials Response: The County has sought to utilize software for tracking WIA activity and will implement procedures over appropriate reporting compliance.

2010-1: Material control weakness over financial reporting as a result of significant audit adjustments and various adjustments to the notes of the financial statements.

Status: Corrected

2010-2: Significant control deficiency over the tracking and reporting of the County's capital assets.

Status: Corrected

2010-3: The County's noncompliance and control procedures over properly reporting the Schedule of Expenditures of Federal Awards.

Status: Corrected

2010-4: Significant control deficiency over eligibility compliance of the WIA program.

Status: Corrected



At Clark Schaefer Hackett, we are the sum of our individuals. Each team member's training, experience and drive is well-suited to each client's needs and goals. We are committed to providing insightful and flexible service – from efficient compliance to sophisticated consulting – to help each client prosper today and plan for future success

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Dave Yost • Auditor of State

LOGAN COUNTY FINANCIAL CONDITION

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 28, 2012