



Dave Yost • Auditor of State

LOGAN COUNTY
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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Logan County
Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
100 South Madriver Street
Bellevue, Ohio 43311

To the County Board of Commissioners, Auditor, and Treasurer:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto and Gas, and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, during the year ended December 31, 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2016

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LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$104.6 million (net position).
- The County's Governmental Activities net position increased by \$4.2 million and the County's Business-Type Activities net position increased by \$753,618.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$21.2 million, a \$85,533 decrease in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is 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 Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 can be found on pages 13-15 of this report.

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.

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

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 131 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, developmental disabilities fund, and capital improvements fund, each of which are considered to be major funds. Data from the other 127 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 16-25 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 26-29 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 30-31 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 33 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 71-76 of this report.

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

Government-Wide Financial Analysis

The table below provides a comparative summary of the County's net position at December 31, 2015 and December 31, 2014:

	Net Position		Restated 2014	Restated 2014
	2015 Governmental Activities	2015 Business-Type Activities		
<u>Assets</u>				
Current and other assets	\$ 47,851,561	\$ 12,717,503	\$ 36,024,495	\$ 11,679,761
Capital assets, net	78,938,629	40,940,591	75,434,949	38,982,242
Total assets	<u>126,790,190</u>	<u>53,658,094</u>	<u>111,459,444</u>	<u>50,662,003</u>
<u>Deferred Outflows of Resources</u>	<u>2,583,976</u>	<u>856,470</u>	<u>1,689,330</u>	<u>607,457</u>
<u>Liabilities</u>				
Current and other liabilities	14,626,114	836,178	2,548,758	1,065,375
Long-term liabilities				
Other Long Term Liabilities	7,761,910	30,314,414	8,385,717	27,735,280
Net Pension Liability	14,513,982	3,525,079	14,161,846	3,445,459
Total liabilities	<u>36,902,006</u>	<u>34,675,671</u>	<u>25,096,321</u>	<u>32,246,114</u>
<u>Deferred Inflows of Resources</u>	<u>7,628,858</u>	<u>61,929</u>	<u>7,417,877</u>	<u>-</u>
<u>Net position</u>				
Net Investment in Capital Assets	68,926,413	11,081,756	68,334,949	12,231,863
Restricted	19,821,198	-	17,727,503	-
Unrestricted	<u>(3,904,309)</u>	<u>8,695,208</u>	<u>(5,427,876)</u>	<u>6,791,483</u>
Total net position	<u>\$ 84,843,302</u>	<u>\$ 19,776,964</u>	<u>\$ 80,634,576</u>	<u>\$ 19,023,346</u>

During 2015, the County adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension and the net pension asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

Under the new standards required by GASB 68, the net pension asset and net pension liability equals the County's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the County's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension asset and net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the County is reporting a net pension asset and a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from \$93,382,416 to \$80,634,576 for governmental activities and from \$22,037,396 to \$19,023,346 for business type activities.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$104.6 million at the close of the most recent fiscal year.

By far the largest portion of the County's net position 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.

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

An additional portion of the County's net position (restricted net position) represents resources that are subject to external restriction on how they may be used.

The table below provides a comparative analysis of changes in net position for 2015 and 2014:

	Change in Net Position			
	Governmental	Business-Type	Governmental	Business-Type
	Activities	Activities	Activities	Activities
	2015	2015	2014	2014
Revenues				
Program revenues:				
Charges for Services	\$ 6,935,423	\$ 10,666,498	\$ 7,505,076	\$ 10,067,217
Operating Grants and Contributions	13,403,023	2,386,842	14,063,703	2,700,984
Capital Grants and Contributions	2,980,181	444,246	656,555	-
Total program revenues	<u>23,318,627</u>	<u>13,497,586</u>	<u>22,225,334</u>	<u>12,768,201</u>
General revenues:				
Property and Sales Taxes	16,553,190	-	15,977,856	-
Unrestricted Grants and Entitlements	988,365	-	1,008,239	-
Unrestricted Investment Earnings	231,426	-	145,904	-
Insurance Proceeds	-	-	-	-
Other	348,812	5,970	280,319	9,466
Total general revenues	<u>18,121,793</u>	<u>5,970</u>	<u>17,412,318</u>	<u>9,466</u>
Total revenues	<u>41,440,420</u>	<u>13,503,556</u>	<u>39,637,652</u>	<u>12,777,667</u>
Expenses				
General Government- Legislative and Executive	5,211,165	-	5,457,156	-
General Government- Judicial	2,884,825	-	2,755,562	-
Public Safety	5,285,848	-	5,361,312	-
Public Works	7,739,252	-	7,021,450	-
Health	1,227,359	-	1,523,650	-
Human Services	12,943,154	-	13,198,065	-
Conservation and Recreation	4,680	-	4,680	-
Economic Development and Assistance	925,865	-	362,958	-
Urban Redevelopment and Housing	652,763	-	149,640	-
Interest and Fiscal Charges	262,477	-	164,450	-
Water Pollution Control Fund	-	4,431,744	-	3,864,524
Logan Acres County Home Fund	-	8,412,500	-	8,324,872
Total expenses	<u>37,137,388</u>	<u>12,844,244</u>	<u>35,998,923</u>	<u>12,189,396</u>
Change in Net Position Before Transfers	4,303,032	659,312	3,638,729	588,271
Net Transfers	<u>(94,306)</u>	<u>94,306</u>	<u>(95,506)</u>	<u>95,506</u>
Change in Net Position	4,208,726	753,618	3,543,223	683,777
Net position, Beginning of year, As Restated	80,634,576	19,023,346	N/A	N/A
Net Position, End of Year	<u>\$ 84,843,302</u>	<u>\$ 19,776,964</u>	<u>\$ 80,634,576</u>	<u>\$ 19,023,346</u>

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

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,105,817 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,731,657. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities	Total
Total 2015 program expenses under GASB 68	\$ 37,137,388	\$ 12,844,244	\$ 49,981,632
Pension expense under GASB 68	(1,346,786)	(384,871)	(1,731,657)
2015 contractually required contribution	1,737,695	499,782	2,237,477
Adjusted 2015 program expenses	<u>37,528,297</u>	<u>12,959,155</u>	<u>50,487,452</u>
Total 2014 program expenses under GASB 27	<u>35,998,923</u>	<u>12,189,396</u>	<u>48,188,319</u>
Increase in program expenses not related to pension	<u>\$ 1,529,374</u>	<u>\$ 769,759</u>	<u>\$ 2,299,133</u>

For governmental activities, total revenues increased by approximately \$1.8 million in 2015. This increase was primarily the result of an increase in capital grants from the Ohio Department of Transportation.

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 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program expenses				
General Government- Legislative and Executive	\$ 5,211,165	\$ 2,569,799	\$ 5,457,156	\$ 2,920,659
General Government- Judicial	2,884,825	1,505,590	2,755,562	1,548,759
Public Safety	5,285,848	4,469,545	5,361,312	4,554,081
Public Works	7,739,252	152,700	7,021,450	957,565
Health	1,227,359	(290,204)	1,523,650	(577,498)
Human Services	12,943,154	5,023,512	13,198,065	3,983,915
Conservation and Recreation	4,680	4,680	4,680	4,680
Economic Development and Assistance	925,865	117,270	362,958	209,897
Urban Redevelopment and Housing	652,763	3,392	149,640	7,081
Interest and Fiscal Charges	262,477	262,477	164,450	164,450
Total program expenses	<u>\$ 37,137,388</u>	<u>\$ 13,818,761</u>	<u>\$ 35,998,923</u>	<u>\$ 13,773,589</u>

As can be seen in the chart 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 37 percent of expenses.

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

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 \$21.2 million, a decrease of \$85,533 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 approximately \$2.8 million, while total fund balance reached approximately \$4.5 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 25 percent of total general fund expenditures, while total fund balance represents 40 percent of that same amount.

The fund balance of the County's general fund increased by \$256,106 during the current fiscal year. This increase represents the amount in which revenues (\$12.5 million) exceeded expenditures (\$11.3 million) and operating subsidies (\$950,522).

The fund balance of the County's auto and gas fund increased by \$617,544 during the current fiscal year. This increase represents the amount in which program revenues and an increase in inventory exceeded program expenditures.

The fund balance of the County's developmental disabilities fund increased by \$428,685 during the current fiscal year. This increase represents the amount in which property taxes and program revenues exceeded program expenditures.

The fund balance of the County's capital improvements fund decreased by \$2.2 million during the current fiscal year. This decrease represents the amount in which expenditures relating to capital projects exceeded intergovernmental revenues.

Financial Analysis of the Proprietary Funds

Net position in the Water Pollution Control Fund increased \$154,272 during the current fiscal year. For the most part, this increase represents operating income and grants and capital contributions of \$227,269 and \$450,216, respectively, offset by interest expense totaling \$617,519. In addition, the fund received a subsidy from the General Fund totaling \$94,306.

Net position in the Logan Acres Home Fund increased \$599,346 during the current fiscal year. This increase represents operating income of \$1.0 million offset by interest expense of \$445,734.

General Fund Budgeting Highlights

The County's actual revenues exceeded the final revenue estimate by \$43,802, or less than 1%.

The County's final actual budgetary expenditures were \$329,787, or less than 3% of the final expenditure budget. This variance is primarily the result of conservative budgeting.

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

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

Capital Assets

The County's investment in capital assets for governmental activities as of December 31, 2015, including land, land improvements, buildings, equipment and machinery, vehicles, and infrastructure, totaled \$78.9 million (net of accumulated depreciation), an increase of \$3.5 million in comparison with the prior year. This increase consists of current year acquisitions of approximately \$8.0 million, offset by current year depreciation of approximately \$4.4 million and net current year disposals of \$8,296.

The City's investment in capital assets for business-type activities as of December 31, 2015, including land, land improvements, buildings, equipment and machinery, vehicles, and infrastructure totaled \$40.9 million (net of accumulated depreciation), a increase of \$2.0 million in comparison with the prior year. This increase represents the amount in which current year acquisitions of \$3.5 million exceeded current year depreciation of approximately \$1.5 million.

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, 2015 totaled approximately \$6.6 million, a decrease of \$614,994 in comparison with the prior year. This decrease represents the amount of amortization and principal payments made during the year.

The County's business-type activities debt as of December 31, 2015 totaled \$30.1 million, an increase of \$2.6 million in comparison with the prior year. This increase primarily consists of a new bond issue totaling \$3.8 million, offset by principal payments during the year totaling \$1.2 million.

Detailed information regarding debt activity is included in the Note 10 to the basic financial statements.

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 Michael E. 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 POSITION
AS OF DECEMBER 31, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 32,972,914	\$ 10,493,697	\$ 43,466,611
Cash and Cash Equivalents with Fiscal Agents	-	169,370	169,370
Receivables:			
Taxes	10,267,600	-	10,267,600
Accounts	162,808	813,701	976,509
Special Assessments	128,890	979,720	1,108,610
Accrued Interest	51,393	-	51,393
Intergovernmental	3,038,036	209,513	3,247,549
Prepaid Items	297,113	51,502	348,615
Materials and Supplies Inventory	724,582	-	724,582
Loans Receivable	166,250	-	166,250
Nondepreciable Capital Assets	4,608,080	254,086	4,862,166
Depreciable Capital assets, Net	74,330,549	40,686,505	115,017,054
Net Pension Asset	41,975	-	41,975
Total Assets	126,790,190	53,658,094	180,448,284
Deferred Outflows of Resources			
Deferred Charge on Refunding	-	168,601	168,601
Pension	2,583,976	687,869	3,271,845
Total Deferred Outflows of Resources	2,583,976	856,470	3,440,446
Liabilities			
Accounts Payable	1,547,997	358,745	1,906,742
Accrued Wages	574,448	152,010	726,458
Due to Other Governments	433,913	169,955	603,868
Notes Payable	12,000,000	-	12,000,000
Accrued Interest Payable	69,756	155,468	225,224
Long-Term Liabilities:			
Due Within One Year	1,109,433	984,611	2,094,044
Due in More Than One Year	6,652,477	29,329,803	35,982,280
Net Pension Liability	14,513,982	3,525,079	18,039,061
Total Liabilities	36,902,006	34,675,671	71,577,677
Deferred Inflows of Resources:			
Property and Other Local Taxes	7,159,958	-	7,159,958
Pension	468,900	61,929	530,829
Total Deferred Inflows of Resources	7,628,858	61,929	7,690,787
Net Position			
Net Investment in Capital Assets	68,926,413	11,081,756	80,008,169
Restricted for:			
Legislative and Executive	1,278,889	-	1,278,889
Public Safety	354,580	-	354,580
Human Services	9,038,960	-	9,038,960
Public Works	7,472,246	-	7,472,246
Urban Redevelopment and Housing	23,462	-	23,462
Judicial	608,464	-	608,464
Economic Development and Assistance	1,044,597	-	1,044,597
Unrestricted	(3,904,309)	8,695,208	4,790,899
Total Net Position	\$ 84,843,302	\$ 19,776,964	\$ 104,620,266

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 5,211,165	\$ 2,641,366	\$ -	\$ -
Judicial	2,884,825	715,366	663,869	-
Public Safety	5,285,848	385,432	430,871	-
Public Works	7,739,252	578,801	4,027,570	2,980,181
Health	1,227,359	1,440,129	77,434	-
Human Service	12,943,154	1,157,948	6,761,694	-
Conservation and Recreation	4,680	-	-	-
Economic Development and Assistance	925,865	16,381	792,214	-
Urban Redevelopment and Housing	652,763	-	649,371	-
Interest and Fiscal Charges	262,477	-	-	-
Total Governmental Activities	<u>37,137,388</u>	<u>6,935,423</u>	<u>13,403,023</u>	<u>2,980,181</u>
Business-Type Activities:				
Water Pollution Control Fund	4,431,744	4,041,494	-	444,246
Logan Acres County Home Fund	8,412,500	6,625,004	2,386,842	-
Total Business-type Activities	<u>12,844,244</u>	<u>10,666,498</u>	<u>2,386,842</u>	<u>444,246</u>
Total Primary Government	<u>\$ 49,981,632</u>	<u>\$ 17,601,921</u>	<u>\$ 15,789,865</u>	<u>\$ 3,424,427</u>

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 Position

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(2,569,799)		(2,569,799)
(1,505,590)		(1,505,590)
(4,469,545)		(4,469,545)
(152,700)		(152,700)
290,204		290,204
(5,023,512)		(5,023,512)
(4,680)		(4,680)
(117,270)		(117,270)
(3,392)		(3,392)
(262,477)		(262,477)
<u>(13,818,761)</u>		<u>(13,818,761)</u>
	53,996	53,996
	599,346	599,346
	<u>653,342</u>	<u>653,342</u>
\$ (13,818,761)	\$ 653,342	\$ (13,165,419)
2,480,516	-	2,480,516
3,409,211	-	3,409,211
1,285,022	-	1,285,022
6,256,395	-	6,256,395
3,122,046	-	3,122,046
988,365	-	988,365
231,426	-	231,426
348,812	5,970	354,782
(94,306)	94,306	-
<u>18,027,487</u>	<u>100,276</u>	<u>18,127,763</u>
4,208,726	753,618	4,962,344
80,634,576	19,023,346	99,657,922
<u>\$ 84,843,302</u>	<u>\$ 19,776,964</u>	<u>\$ 104,620,266</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2015

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
Assets:				
Equity in Pooled Cash and Investments	\$ 3,928,922	\$ 1,558,832	\$ 6,409,767	\$ 11,383,429
Receivables:				
Taxes	4,330,092	-	3,769,841	-
Accounts	117,686	8,488	-	-
Special Assessments	-	-	-	-
Accrued Interest	51,393	-	-	-
Intergovernmental	447,551	2,056,942	203,342	267,630
Prepaid Items	220,115	23,734	-	-
Materials and Supplies Inventory	-	724,582	-	-
Due From Other Funds	22,000	-	-	-
Advances to Other Funds	59,226	-	-	-
Loans Receivable	166,250	-	-	-
Total Assets	\$ 9,343,235	\$ 4,372,578	\$ 10,382,950	\$ 11,651,059
Liabilities:				
Accounts Payable	\$ 325,368	\$ 41,619	\$ 92,280	\$ 570,197
Accrued Wages	205,417	57,257	169,941	-
Due to Other Governments	163,343	43,418	92,161	-
Matured Compensated Absences	-	-	71,753	-
Due To Other Funds	-	-	-	-
Advances from Other Funds	-	-	-	-
Accrued Interest Payable	-	-	-	56,925
Notes Payable	-	-	-	12,000,000
Total Liabilities	694,128	142,294	426,135	12,627,122
Deferred Inflows of Resources:				
Property and Other Local Taxes	2,476,403	-	3,395,988	-
Unavailable Revenue	1,681,487	1,709,269	473,015	133,000
Total Deferred Inflows of Resources	4,157,890	1,709,269	3,869,003	133,000
Fund Balances:				
Nonspendable:				
Inventory	-	724,582	-	-
Advances	59,226	-	-	-
Prepays	220,115	23,734	-	-
Unclaimed Monies	147,070	-	-	-
Loans	166,250	-	-	-
Restricted:				
Legislative and Executive	-	-	-	-
Public Safety	-	-	-	-
Human Services	-	-	6,087,812	-
Public Works	-	1,772,699	-	-
Urban Redevelopment and Housing	-	-	-	-
Judicial	-	-	-	-
Economic Development and Assistance	-	-	-	-
Committed:				
Health	28,847	-	-	-
Public Safety	-	-	-	-
Assigned:				
Encumbrances	290,034	-	-	-
Judicial	710,022	-	-	-
Legislative and Executive	74,654	-	-	-
Capital Projects	-	-	-	-
Public Works	-	-	-	-
Unassigned	2,794,999	-	-	(1,109,063)
Total Fund Balances	4,491,217	2,521,015	6,087,812	(1,109,063)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,343,235	\$ 4,372,578	\$ 10,382,950	\$ 11,651,059

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 9,691,964	\$ 32,972,914
2,167,667	10,267,600
36,634	162,808
128,890	128,890
-	51,393
62,571	3,038,036
53,264	297,113
-	724,582
-	22,000
-	59,226
-	166,250
<u>\$ 12,140,990</u>	<u>\$ 47,890,812</u>
\$ 518,533	\$ 1,547,997
141,833	574,448
134,991	433,913
6,960	78,713
22,000	22,000
59,226	59,226
-	56,925
-	12,000,000
<u>883,543</u>	<u>14,773,222</u>
1,287,567	7,159,958
743,173	4,739,944
<u>2,030,740</u>	<u>11,899,902</u>
-	724,582
-	59,226
53,264	297,113
-	147,070
-	166,250
1,276,739	1,276,739
341,880	341,880
2,349,562	8,437,374
2,479,025	4,251,724
38,462	38,462
694,032	694,032
312,146	312,146
1,241,767	1,270,614
132,551	132,551
-	290,034
-	710,022
-	74,654
145,087	145,087
211,170	211,170
(48,978)	1,636,958
<u>9,226,707</u>	<u>21,217,688</u>
<u>\$ 12,140,990</u>	<u>\$ 47,890,812</u>

See accompanying notes to the basic financial statements

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LOGAN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015

Total Governmental Fund Balances	\$ 21,217,688
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	78,938,629
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	
Sales Taxes	1,575,552
Property Taxes	564,469
Special Assessments	93,348
Intergovernmental	2,441,396
Accounts Receivable	20,416
Accrued Interest on Investments	44,763
The net pension asset and net pension liability are not due and payable in the current period; therefore, the net pension asset and net pension liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Asset	41,975
Deferred Outflows - Pension	2,583,976
Deferred Inflows - Pension	(468,900)
Net Pension Liability	(14,513,982)
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	(12,831)
Various Purpose Bonds	(6,500,000)
Unamortized Premium	(121,692)
Compensated Absences Payable	(1,061,505)
 Net Position of Governmental Activities	 <u><u>\$ 84,843,302</u></u>

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
Revenues:				
Sales Taxes	\$ 6,211,910	\$ -	\$ -	\$ -
Property Taxes	2,475,115	-	3,399,043	-
Intergovernmental	974,282	6,920,208	2,480,808	784,214
Investment Income	214,186	-	-	-
Licenses and Permits	154,537	-	-	-
Fines and Forfeitures	210,808	50,027	-	-
Special Assessments	-	-	-	-
Charges for Services	2,105,252	280,633	407,424	-
Miscellaneous	186,838	96,400	181,700	-
Total Revenues	<u>12,532,928</u>	<u>7,347,268</u>	<u>6,468,975</u>	<u>784,214</u>
Expenditures:				
Current:				
General Government:				
Legislative and Executive	3,956,908	-	-	-
Judicial	2,088,991	-	-	-
Public Safety	4,470,700	-	-	-
Public Works	252,779	6,814,157	-	-
Health	122,066	-	-	-
Human Service	434,856	-	6,040,290	-
Economic Development and Assistance	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-
Capital Outlay	-	-	-	2,945,640
Debt service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	56,925
Bond Anticipation Note Issuance Costs	-	-	-	55,578
Total Expenditures	<u>11,326,300</u>	<u>6,814,157</u>	<u>6,040,290</u>	<u>3,058,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,206,628	533,111	428,685	(2,273,929)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	6,500	-	-	-
Premium on Bond Anticipation Notes	-	-	-	62,400
Transfers In	-	-	-	-
Transfers Out	(957,022)	-	-	-
Total Other Financing Sources (Uses)	<u>(950,522)</u>	<u>-</u>	<u>-</u>	<u>62,400</u>
Net Change in Fund Balances	256,106	533,111	428,685	(2,211,529)
Fund Balance, Beginning of Year	4,235,111	1,903,471	5,659,127	1,102,466
Increase (Decrease) in Inventory	-	84,433	-	-
Fund Balance, End of Year	<u>\$ 4,491,217</u>	<u>\$ 2,521,015</u>	<u>\$ 6,087,812</u>	<u>\$ (1,109,063)</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 3,099,599	\$ 9,311,509
1,282,654	7,156,812
6,494,777	17,654,289
-	214,186
86,123	240,660
47,851	308,686
35,861	35,861
2,917,545	5,710,854
557,229	1,022,167
<u>14,521,639</u>	<u>41,655,024</u>

593,811	4,550,719
825,359	2,914,350
796,571	5,267,271
2,424,248	9,491,184
1,284,777	1,406,843
6,711,178	13,186,324
231,519	231,519
652,763	652,763
274,500	3,220,140
600,000	600,000
165,968	222,893
-	55,578
<u>14,560,694</u>	<u>41,799,584</u>

(39,055)	(144,560)
----------	-----------

-	6,500
-	62,400
1,662,716	1,662,716
(800,000)	(1,757,022)
<u>862,716</u>	<u>(25,406)</u>

823,661	(169,966)
8,403,046	21,303,221
-	84,433
<u>\$ 9,226,707</u>	<u>\$ 21,217,688</u>

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (169,966)

*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	7,953,818
Depreciation	(4,441,842)

Loss on disposal of Capital Assets is not recorded in the Governmental funds but is recorded in the Statement of Activities (8,296)

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

Sales Taxes	66,932
Property Taxes	17,937
Charges for Services	(189,644)
Intergovernmental Grants	(282,720)
Special Assessments	88,122
Interest Income	17,240
Miscellaneous	(1,371)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,737,695

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities. (1,346,786)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond and Note Principal Repayments	600,000
Bond Premium Amortization	14,994

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,000

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	84,433
Compensated Absences	67,180

Change in Net Position of Governmental Activities \$ 4,208,726

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, 2015

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues:				
Sales Taxes	\$ 9,162,000	\$ 9,162,000	\$ 9,221,562	\$ 59,562
Property Taxes	2,510,000	2,510,000	2,479,043	(30,957)
Intergovernmental	1,395,000	1,395,000	1,421,587	26,587
Investment Income	178,325	178,325	208,017	29,692
Licenses and Permits	119,020	119,020	154,537	35,517
Fines and Forfeitures	229,500	229,500	208,247	(21,253)
Charges for Services	1,742,750	1,742,750	1,744,220	1,470
Miscellaneous	313,405	313,405	256,589	(56,816)
Total Revenues	15,650,000	15,650,000	15,693,802	43,802
Expenditures:				
Current:				
General Government:				
Legislative and Executive	5,598,247	5,071,736	4,869,856	201,880
Judicial	1,685,550	2,075,471	2,048,115	27,356
Public Safety	4,358,994	4,574,189	4,565,063	9,126
Public Works	104,155	236,204	234,573	1,631
Health	213,980	127,649	125,549	2,100
Human Service	36,458	583,053	495,359	87,694
Total Expenditures	11,997,384	12,668,302	12,338,515	329,787
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,652,616	2,981,698	3,355,287	373,589
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	-	-	6,500	6,500
Advances In	-	-	210,520	210,520
Advances Out	-	(22,000)	(22,000)	-
Transfers In	50,000	50,000	-	(50,000)
Transfers Out	(3,909,875)	(4,039,270)	(4,026,639)	12,631
Total Other Financing Sources (Uses)	(3,859,875)	(4,011,270)	(3,831,619)	179,651
Net Change in Fund Balances	(207,259)	(1,029,572)	(476,332)	553,240
Fund Balance, Beginning of Year	2,174,988	2,174,988	2,174,988	-
Prior Year Encumbrances Appropriated	719,566	719,566	719,566	-
Fund Balance, End of Year	\$ 2,687,295	\$ 1,864,982	\$ 2,418,222	\$ 553,240

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, 2015

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Intergovernmental	\$ 4,088,500	\$ 4,533,842	\$ 4,590,745	\$ 56,903
Investment Income	1,000	1,000	-	(1,000)
Fines and Forfeitures	40,000	50,000	47,929	(2,071)
Charges for Services	175,000	332,000	280,633	(51,367)
Miscellaneous	55,000	61,500	96,400	34,900
Total Revenues	<u>4,359,500</u>	<u>4,978,342</u>	<u>5,015,707</u>	<u>37,365</u>
Expenditures:				
Current:				
Public Works	4,881,257	5,500,099	4,658,228	841,871
Total Expenditures	<u>4,881,257</u>	<u>5,500,099</u>	<u>4,658,228</u>	<u>841,871</u>
Net Change in Fund Balances	(521,757)	(521,757)	357,479	879,236
Fund Balance, Beginning of Year	915,417	915,417	915,417	-
Prior Year Encumbrances Appropriated	143,707	143,707	143,707	-
Fund Balance, End of Year	<u>\$ 537,367</u>	<u>\$ 537,367</u>	<u>\$ 1,416,603</u>	<u>\$ 879,236</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, 2015

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 3,752,000	\$ 3,752,000	\$ 3,406,447	\$ (345,553)
Intergovernmental	2,058,733	2,058,733	2,529,754	471,021
Charges for Services	388,800	388,800	408,627	19,827
Miscellaneous	278,600	278,600	278,487	(113)
Total Revenues	<u>6,478,133</u>	<u>6,478,133</u>	<u>6,623,315</u>	<u>145,182</u>
Expenditures:				
Current:				
Human Service	7,162,202	7,462,202	5,984,367	1,477,835
Total Expenditures	<u>7,162,202</u>	<u>7,462,202</u>	<u>5,984,367</u>	<u>1,477,835</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(684,069)	(984,069)	638,948	1,623,017
Other Financing Sources (Uses):				
Transfers Out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balances	(934,069)	(1,234,069)	388,948	1,623,017
Fund Balance, Beginning of Year	5,401,410	5,401,410	5,401,410	-
Prior Year Encumbrances Appropriated	342,752	342,752	342,752	-
Fund Balance, End of Year	<u>\$ 4,810,093</u>	<u>\$ 4,510,093</u>	<u>\$ 6,133,110</u>	<u>\$ 1,623,017</u>

LOGAN COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AS OF DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 4,768,540	\$ 5,725,157	\$ 10,493,697
Cash and Cash Equivalents With Fiscal Agents	18,881	150,489	169,370
Receivables:			
Accounts	507,509	306,192	813,701
Special Assessments	979,720	-	979,720
Intergovernmental	-	209,513	209,513
Prepaid Items	9,075	42,427	51,502
Total Current Assets	<u>6,283,725</u>	<u>6,433,778</u>	<u>12,717,503</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	254,086	-	254,086
Depreciable Capital assets, Net	27,370,380	13,316,125	40,686,505
Total Noncurrent Assets	<u>27,624,466</u>	<u>13,316,125</u>	<u>40,940,591</u>
Total Assets	<u>33,908,191</u>	<u>19,749,903</u>	<u>53,658,094</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	-	168,601	168,601
Pension	119,012	568,857	687,869
Total Deferred Inflows of Resources	<u>119,012</u>	<u>737,458</u>	<u>856,470</u>
Liabilities			
Current Liabilities			
Accounts Payable	120,941	237,804	358,745
Accrued Wages	24,033	127,977	152,010
Due to Other Governments	18,854	151,101	169,955
Accrued Interest Payable	118,269	37,199	155,468
Compensated Absences Payable	26,474	73,737	100,211
Revenue Bonds Payable	564,400	320,000	884,400
Total Current Liabilities	<u>872,971</u>	<u>947,818</u>	<u>1,820,789</u>
Long-Term Liabilities:			
Compensated Absences Payable	43,715	99,158	142,873
Revenue Bonds Payable	16,985,100	11,845,000	28,830,100
Unamortized Bond Premium	28,180	328,650	356,830
Net Pension Liability	568,457	2,956,622	3,525,079
Total Long-Term Liabilities	<u>17,625,452</u>	<u>15,229,430</u>	<u>32,854,882</u>
Total Liabilities	<u>18,498,423</u>	<u>16,177,248</u>	<u>34,675,671</u>
Deferred Inflows of Resources			
Pension	9,987	51,942	61,929
Total Deferred Inflows of Resources	<u>9,987</u>	<u>51,942</u>	<u>61,929</u>
Net Position			
Net Investment in Capital Assets	10,030,680	1,051,076	11,081,756
Unrestricted	5,488,113	3,207,095	8,695,208
Total Net Position	<u>\$ 15,518,793</u>	<u>\$ 4,258,171</u>	<u>\$ 19,776,964</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Operating Revenues			
Charges for Services	\$ 2,391,583	\$ 6,612,901	\$ 9,004,484
Special Assessments	1,545,922	-	1,545,922
Intergovernmental	-	2,386,842	2,386,842
Miscellaneous	103,989	12,103	116,092
Total Operating Revenues	<u>4,041,494</u>	<u>9,011,846</u>	<u>13,053,340</u>
Operating Expenses			
Personal Services	928,493	4,405,066	5,333,559
Contractual Services	1,601,804	2,395,265	3,997,069
Materials and Supplies	161,043	600,676	761,719
Miscellaneous	10,157	166,529	176,686
Depreciation	1,112,728	399,230	1,511,958
Total Operating Expenses	<u>3,814,225</u>	<u>7,966,766</u>	<u>11,780,991</u>
Operating Income	<u>227,269</u>	<u>1,045,080</u>	<u>1,272,349</u>
Nonoperating Revenues (Expenses)			
Capital Contribution	5,970	-	5,970
Intergovernmental	444,246	-	444,246
Interest and Fiscal Charges	(617,519)	(445,734)	(1,063,253)
Total Non-Operating Revenues (Expenses)	<u>(167,303)</u>	<u>(445,734)</u>	<u>(613,037)</u>
Income Before Transfers	59,966	599,346	659,312
Transfers In	<u>94,306</u>	<u>-</u>	<u>94,306</u>
Change in Net Position	154,272	599,346	753,618
Net Position, Beginning of Year, Restated	15,364,521	3,658,825	19,023,346
Net Position, End of Year	<u>\$ 15,518,793</u>	<u>\$ 4,258,171</u>	<u>\$ 19,776,964</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	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	\$ 4,092,071	\$ 6,722,440	\$ 10,814,511
Cash Received from Other Governments	-	2,406,443	2,406,443
Cash Received from Other Operating Sources	98,545	9,353	107,898
Cash Payments to Employees for Services	(959,494)	(4,506,808)	(5,466,302)
Cash Payments to Suppliers for Goods and Services	(1,980,257)	(2,959,839)	(4,940,096)
Cash Payments for Other Services	(9,993)	(175,057)	(185,050)
Net Cash Flows from Operating Activities	<u>1,240,872</u>	<u>1,496,532</u>	<u>2,737,404</u>
Cash Flows from Capital and Related Financing Activities			
Proceeds from Bonds	3,810,000	-	3,810,000
Payments for Capital Acquisitions	(3,426,021)	-	(3,426,021)
Principal Payments	(958,764)	(240,000)	(1,198,764)
Interest and Fiscal Charges Paid	(622,929)	(529,687)	(1,152,616)
Intergovernmental	444,246	-	444,246
Transfers In	94,306	-	94,306
Capital Contributions	5,970	-	5,970
Net Cash Flows from Capital and Related Financing	<u>(653,192)</u>	<u>(769,687)</u>	<u>(1,422,879)</u>
Net Increase in Cash and Cash Equivalents	587,680	726,845	1,314,525
Cash and Cash Equivalents at Beginning of Year	4,199,741	5,148,801	9,348,542
Cash and Cash Equivalents at End of Year	<u>\$ 4,787,421</u>	<u>\$ 5,875,646</u>	<u>\$ 10,663,067</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:			
Operating Income	\$ 227,269	\$ 1,045,080	\$ 1,272,349
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	1,112,728	399,230	1,511,958
(Increase)/Decrease in Assets:			
Accounts Receivable	153,389	106,789	260,178
Special Assessments Receivable	(4,267)	-	(4,267)
Due from Other Governments	-	19,601	19,601
Prepaid Items	34	1,237	1,271
Decrease in Deferred Outflows of Resources - Pension	(49,443)	(207,017)	(256,460)
Increase/(Decrease) in Liabilities:			
Accounts Payable	(217,246)	28,646	(188,600)
Accrued Wages	2,021	2,655	4,676
Compensated Absences Payable	(7,884)	(6,256)	(14,140)
Due to Other Governments	1,445	(12,156)	(10,711)
Net Pension Liability	12,839	66,781	79,620
Increase in Deferred Inflows of Resources - Pension	9,987	51,942	61,929
Total Adjustments	1,013,603	451,452	1,465,055
Net Cash Flows from Operating Activities	\$ 1,240,872	\$ 1,496,532	\$ 2,737,404

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2015

	Private Purpose Trust Fund	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 83,005	\$ 3,380,312
Cash and Cash Equivalents with Fiscal Agents	-	546,531
Receivables:		
Taxes	-	43,082,598
Special Assessments	-	788,171
Intergovernmental	-	2,196,424
Prepaid items	-	68,860
Total Assets	83,005	50,062,896
Liabilities		
Accounts Payable	-	62,646
Due To Other Governments	-	45,588,248
Undistributed Monies	-	4,363,763
Accrued Wages	-	48,239
Total Liabilities	-	50,062,896
Net Position		
Held in Trust for Veterans:		
Non-Expendable	70,787	-
Expendable	12,218	-
Total Net Position	\$ 83,005	\$ -

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Private Purpose Trust Fund</u>
Additions	
Investment Income	\$ 673
Total Additions	<u>673</u>
Deductions	
Other Operating Expense	<u>2,980</u>
Total Deductions	<u>2,980</u>
Change in Net Position	(2,307)
Net Position at Beginning of Year	85,312
Net Position at End of Year	<u>\$ 83,005</u>

See accompanying notes to the basic financial statements

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LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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 ensure 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 County does not have any component units.

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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 1 – REPORTING ENTITY (Continued)

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.

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. 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 position 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 position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except the fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position 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.

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, Board of Developmental Disabilities Fund, and Capital Improvements 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 Ohio Public Works Commission and the County for State gasoline tax and vehicle registration fees used for County road and bridge improvement programs.

Developmental Disabilities Fund - The 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 individuals with developmental disabilities.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Improvements Fund - The Capital Improvements Fund is used to account for monies received by the Casino Revenue and debt proceeds used for building construction and improvements within the County.

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

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. 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.

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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the County are included on the Statement of Net Position.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. 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 unavailable revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the 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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable Revenue

On the governmental funds balance sheet, unavailable revenue 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 unavailable revenue deferral is removed from the balance sheet and revenue is recognized.

Property and Other Local Taxes

On the government-wide statement of net position and governmental funds balance sheet, property and other local taxes represents property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance year 2016 operations.

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.

(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 2015.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(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 credited to the General Fund in 2015 totaled \$214,186. 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 straight-line 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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 position 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 position 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 \$5,000 dollars. Public domain ("infrastructure") general capital assets consisting of roads and bridges have been capitalized in accordance with 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.

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:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land	N/A	N/A
Improvements Other Than Buildings	15 years	15 years
Buildings and Improvements	30-100 years	30-100 years
Appliances	15 years	15 years
Furniture, Fixtures, and Equipment	10-20 years	10-20 years
Computer, Electronic, and Small Equipment	5-10 years	5-10 years
Vehicles	5-10 years	5-10 years
Infrastructure - Water and Sewer Lines	N/A	70 years
Infrastructure - Pavement	15 years	N/A
Infrastructure - Base Roadways	75 years	N/A

(j) Interfund Balances

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Due to/From Other Funds" or "Advances To/From Other Funds", the latter not expected to be repaid within one year, and outstanding repayments from funds responsible for particular expenditures to the funds that initially paid for them are classified as "Interfund Receivable/Payable". All of these amounts are eliminated in the governmental and business-type activities columns of the statement of net position, 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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the County, deferred outflows of resources are reported on the government-wide and proprietary fund statements of net position for deferred charge on refunding and pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, sales taxes, intergovernmental grants and entitlements, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are explained in Note 12.

(l) 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, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Accrued Liabilities and Long-Term Obligations

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

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

(n) 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, 2015

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.

(o) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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 position 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 position reported as restricted represent state and federal grants and entitlements. The County did not have any restrictions through enabling legislation at year-end.

(p) 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.

(q) Capital Contributions

Capital Contributions in proprietary fund financial statements arise from outside contributions of capital assets, from grant or outside contributions of resources restricted to capital acquisition and construction, or from capital related transactions with governmental funds.

(r) 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.

(s) Pensions

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) 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.

(u) 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.

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LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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 Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) 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	Developmental Disabilities Fund
Budget Basis	\$ (476,332)	\$ 357,479	\$ 388,948
Revenue Accruals	(3,550,292)	2,331,561	(154,340)
Expenditure Accruals	788,396	(2,298,158)	(332,580)
Other Sources/Uses	2,881,097	-	250,000
Encumbrances	597,326	142,229	276,657
Unclaimed Funds Activities	(9,759)	-	-
Recorder Equipment	(9,472)	-	-
Certificate of Title	42,085	-	-
Long Term Environment	(6,943)	-	-
GAAP Basis	\$ 256,106	\$ 533,111	\$ 428,685

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

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 States 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.

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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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 \$34,117,785 and the bank balance was \$34,373,835. Of the County's bank balance, \$17,289,783 was covered by the Federal Deposit Insurance Corporation, while the remaining balance was exposed to custodial risk, as discussed below.

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.

(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 Farm Credit Bank	\$ 1,474,995	\$ -	\$ -	\$ 1,474,995
FHLMC	8,313,959	-	1,399,387	6,914,572
Brokered Certificate of Deposit	3,202,668	-	495,052	2,707,616
Federal National Mortgage Association	21,355	-	-	21,355
Corporate Note	500,205	500,205	-	-
Government National Mortgage Association	6,862	-	719	6,143
Total	\$ 13,520,044	\$ 500,205	\$ 1,895,158	\$ 11,124,681

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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+	Not Rated
Federal Farm Credit Bank	\$ 1,474,995	\$ 1,474,995	\$ -	\$ -
FHLMC	8,313,959	8,313,959	-	-
Brokered Certificate of Deposit	3,202,668	-	-	3,202,668
Federal National Mortgage Association	21,355	21,355	-	-
Corporate Note	500,205	-	500,205	-
Government National Mortgage Association	6,862	6,862	-	-
Total	<u>\$ 13,520,044</u>	<u>\$ 9,817,171</u>	<u>\$ 500,205</u>	<u>\$ 3,202,668</u>

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, 2015:

Investment Type	Fair Value	% of Total
Federal Farm Credit Bank	\$ 1,474,995	10.91%
FHLMC	8,313,959	61.49%
Brokered Certificate of Deposit	3,202,668	23.69%
Federal National Mortgage Association	21,355	0.16%
Corporate Note	500,205	3.70%
Government National Mortgage Association	6,862	0.05%
Total	<u>\$ 13,520,044</u>	<u>100%</u>

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

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 position as of December 31, 2015:

Cash and Investments Per Note

Carrying Amount of Deposits	\$ 34,117,785
Investments	13,520,044
Cash on Hand	8,000
Total	<u>\$ 47,645,829</u>

Cash and Investments Per Statements of Net Position

Governmental and Business-Type Activities	\$ 43,635,981
Private-Purpose Trust Funds	83,005
Agency Funds	3,926,843
Total	<u>\$ 47,645,829</u>

(e) Deficit Fund Balances

The following governmental funds had deficit fund balances at December 31, 2015 as a result of accruals recorded in accordance with accounting principles generally accepted in the United States of America. The General Fund transfers funds when deficit cash balances exist, not when accruals occur.

<u>Fund</u>	<u>Deficit</u>
Capital Improvements Fund	(1,109,063)
JAIBG	(12,878)
Bond Retirement- McClure 77 Ditch	(5,340)
Bond Retirement- South Fork Ditch	(11,038)
Bond Retirement- Laughlin Ditch	(6,027)
CDBG Formula 2014	(8,494)
IV-E	(148)
Office of Juvenile Justice and Delinquency Prevention	(76)

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 5 – INTERFUND TRANSFERS

Interfund transfer activity during the fiscal year was as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 957,022
Other Governmental Funds	1,662,716	800,000
Total Governmental Funds	<u>\$ 1,662,716</u>	<u>\$ 1,757,022</u>
<u>Proprietary Funds:</u>		
Indian Lake Water Pollution Control	94,306	-
Total Proprietary Funds	<u>\$ 94,306</u>	<u>\$ -</u>
Totals	<u>\$ 1,757,022</u>	<u>\$ 1,757,022</u>

The transfers from the General Fund to Other Governmental Funds represent recurring subsidies for program (\$269,185) and debt service (\$687,837) expenditures. The transfers from the General Fund to the Indian Lake Water Pollution Control Fund represent normal recurring subsidies for debt service expenditures. The \$800,000 transfer from Other Governmental Funds to Other Governmental Funds represents a transfer from the Solid Waste District operating fund to the Solid Waste District debt service sinking fund.

NOTE 6 – INTERFUND LOANS

Interfund loan activity during the fiscal year was as follows:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
General	\$ 269,746	\$ 22,000	\$ (210,520)	\$ 81,226
Job and Family Services	(47,341)	-	10,520	(36,821)
JAIBG Grant	-	(22,000)	-	(22,000)
McClure 77 Ditch	(5,340)	-	-	(5,340)
South Fork Ditch	(11,038)	-	-	(11,038)
Laughlin Ditch	(6,027)	-	-	(6,027)
Moving Ohio Forward Grant	(200,000)	-	200,000	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These outstanding loans related to special assessment projects and grant programs. As the County collects the special assessment payments and grant funds, the loans will be repaid. The County expects the special assessment loans balances to be outstanding greater than one year; however, the grant funds are expected to be repaid within one year.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 7 – RECEIVABLES

Receivables at December 31, 2015, 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 and public utility property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% 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 2014, which was used to collect property taxes in calendar year 2015, was \$1,145,185,510. The full tax rate for all County operations applied to real property for the year ended December 31, 2015, 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, phased 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 2014 operations, the receivable is offset by a credit to Deferred Inflows of Resources (Property and Other Local Taxes). The delinquent real and public utility taxes that will become available to the County within the first 30 days of 2016 are shown as 2015 revenue; the remainder is shown as "Unavailable 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, 2015

NOTE 7 – RECEIVABLES (Continued)

A detailed breakdown of intergovernmental receivables is as follows:

	Amounts
Governmental Activities:	
Local Government and Revenue Assistance	\$ 231,593
Excess IRP Compensation	64,635
Gasoline and Excise Tax	1,132,992
Auto Registration Fees	859,315
Homestead and Rollback	381,525
Casino Revenue Tax	267,630
Indigent Counsel Fees	37,775
Childrens Services Grant	17,465
Traffic Grant	7,798
JAIBG Grant	14,641
Byrne Memorial Grant	7,535
Bellefontaine Municipal Court	15,132
Total Governmental Activities	\$ 3,038,036
Business-Type Activities	
Logan Acres-State Aid	\$ 209,513

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, 2015

NOTE 9 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 3,988,984	\$ -	\$ -	\$ -	\$ 3,988,984
Construction in Progress	807,188	619,096	-	(807,188)	619,096
Total Nondepreciable Assets	4,796,172	619,096	-	(807,188)	4,608,080
Depreciable Capital Assets					
Land Improvements	654,992	-	-	-	654,992
Building and Improvements	24,079,721	1,747,953	-	807,188	26,634,862
Machinery and Equipment	15,379,265	590,358	(25,316)	(158,988)	15,785,319
Vehicles	3,484,822	155,565	(115,639)	158,988	3,683,736
Infrastructure- Roads and Bridges	78,934,414	4,840,846	-	-	83,775,260
Total Depreciable Assets	122,533,214	7,334,722	(140,955)	807,188	130,534,169
Less accumulated depreciation					
Land Improvements	(462,365)	(21,934)	-	-	(484,299)
Building and Improvements	(7,827,033)	(531,065)	-	-	(8,358,098)
Machinery and Equipment	(10,679,847)	(848,703)	24,050	32,272	(11,472,228)
Vehicles	(2,880,483)	(148,422)	108,609	(32,272)	(2,952,568)
Infrastructure- Roads and Bridges	(30,044,709)	(2,891,718)	-	-	(32,936,427)
Total accumulated depreciation	(51,894,437)	(4,441,842)	132,659	-	(56,203,620)
Depreciable Capital Assets, Net of accumulated depreciation	70,638,777	2,892,880	(8,296)	807,188	74,330,549
Total Capital Assets, Net	\$ 75,434,949	\$ 3,511,976	\$ (8,296)	\$ -	\$ 78,938,629

Depreciation expense was charged to the governmental functions as follows:

General Government	
Legislative	\$ 777,317
Judicial	19,868
Conservation and Recreation	4,680
Public Works	3,233,049
Public Safety	225,901
Human Services	98,091
Health	82,936
Total depreciation expense	\$ 4,441,842

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 9 – CAPITAL ASSETS (Continued)

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

Water Pollution Control Capital Assets:	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 209,800	\$ -	\$ -	\$ -	\$ 209,800
Construction in Progress	77,414	44,286	-	(77,414)	44,286
Total Nondepreciable Assets	287,214	44,286	-	(77,414)	254,086
Depreciable Capital Assets					
Land Improvements	336,647	-	-	-	336,647
Building and Improvements	15,048,584	1,911,637	-	77,414	17,037,635
Machinery and Equipment	4,075,270	679,691	-	-	4,754,961
Vehicles	302,131	834,693	-	-	1,136,824
Infrastructure	21,300,550	-	-	-	21,300,550
Total Depreciable Assets	41,063,182	3,426,021	-	77,414	44,566,617
Less accumulated depreciation					
Land Improvements	(207,176)	(3,747)	-	-	(210,923)
Building and Improvements	(4,083,413)	(331,285)	-	-	(4,414,698)
Machinery and Equipment	(3,380,595)	(148,336)	-	-	(3,528,931)
Vehicles	(271,680)	(101,428)	-	-	(373,108)
Infrastructure	(8,140,645)	(527,932)	-	-	(8,668,577)
Total accumulated depreciation	(16,083,509)	(1,112,728)	-	-	(17,196,237)
Depreciable Capital Assets, Net of accumulated depreciation	24,979,673	2,313,293	-	77,414	27,370,380
Total Capital Assets, Net	\$ 25,266,887	\$ 2,357,579	\$ -	\$ -	\$ 27,624,466
Logan Acres County Home:					
	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Depreciable Capital Assets					
Land Improvements	\$ 1,453	\$ -	\$ -	\$ -	\$ 1,453
Building and Improvements	16,900,823	-	-	-	16,900,823
Machinery and Equipment	718,737	-	-	-	718,737
Vehicles	71,923	-	-	-	71,923
Infrastructure	9,052	-	-	-	9,052
Total Depreciable Assets	17,701,988	-	-	-	17,701,988
Less accumulated depreciation					
Land Improvements	(1,104)	(138)	-	-	(1,242)
Building and Improvements	(3,294,481)	(380,143)	-	-	(3,674,624)
Machinery and Equipment	(619,715)	(18,519)	-	-	(638,234)
Vehicles	(68,323)	-	-	-	(68,323)
Infrastructure	(3,010)	(430)	-	-	(3,440)
Total accumulated depreciation	(3,986,633)	(399,230)	-	-	(4,385,863)
Total Capital Assets, Net	\$ 13,715,355	\$ (399,230)	\$ -	\$ -	\$ 13,316,125

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 10 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2015:

Governmental Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2012 A/B - Various Purpose Bonds Issued 11/8/12. 0.65% to 3%	\$ 7,100,000	\$ -	\$ (600,000)	\$ 6,500,000	\$ 600,000
Series 2012 A/B - Premium	136,686	-	(14,994)	121,692	-
Net Pension Liability					
OPERS	12,600,368	302,881	-	12,903,249	-
STRS	1,550,039	60,694	-	1,610,733	-
Compensated Absences	1,149,031	823,042	(831,855)	1,140,218	509,433
Total Governmental Activities	\$ 22,536,124	\$ 1,186,617	\$ (1,446,849)	\$ 22,275,892	\$ 1,109,433
Business-Type Activities					
Sewer System Improvement Bonds, Series 2007, Issued 03/30/2007, 4.00%	\$ 1,815,000	\$ -	\$ (110,000)	\$ 1,705,000	\$ 115,000
Sewer System Improvement Revenue Bonds, Series 2007A/B Issued 03/30/07, 4.125%	2,237,500	-	(33,000)	2,204,500	34,400
Sewer System Improvement Bonds Series 2008, Issued 12/17/08 3% to 5%	8,430,000	-	(285,000)	8,145,000	300,000
Series 2012 A/B - Various Purpose Bonds Issued 11/8/12. 0.65% to 3%	1,800,000	-	(115,000)	1,685,000	115,000
Series 2012 A/B - Premium	30,865	-	(2,685)	28,180	-
O.W.D.A. Loan 10/25/2012, 1.0%	415,764	-	(415,764)	-	-
Sewer System Improvement Bonds Series 2015, Issued 4/16/15, 2.125%	-	3,810,000	-	3,810,000	-
County Home Improvement Bonds, Series A Issued 07/21/10, 2.0% to 3.0%	105,000	-	(45,000)	60,000	60,000
2014 Refunding Bonds, 3-5% Issued 9/30/14, Matures 12/1/39	12,300,000	-	(195,000)	12,105,000	260,000
2014 Refunding Bonds Premium	343,927	-	(15,277)	328,650	-
Net Pension Liability-OPERS	3,445,459	79,620	-	3,525,079	-
Compensated Absences Payable	257,224	202,352	(216,492)	243,084	100,211
Total Business-Type Activities	\$ 31,180,739	\$ 4,091,972	\$ (1,433,218)	\$ 33,839,493	\$ 984,611

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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 10 – LONG TERM LIABILITIES (Continued)

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.

In November 2012, the County issued \$10,585,000 of Various Purpose Bonds, Series 2012 A and Series 2012 B. \$9,830,000 for the purpose of advance refunding Series 2002 Various Purpose Bonds, Series 2002 Sewer System Refunding Bonds, Series 2011 Capital Facilities Bond Anticipation Note, Series 2011 Recycling Upgrade Bond Anticipation Note, and Series 2011 Sewer Improvement Note, and \$755,000 for the purpose of paying the costs of improving, rehabilitating and renovating the Carnegie Library Building.

In October 2012, the County issued \$2,280,848 of Ohio Water Development Authority (“OWDA 2012”) No Feasible Alternative Evaluation Notes for planning and design for the reduction/elimination of secondary treatment bypasses and for the reduction/elimination of sanitary sewer overflow in the collection system within the County’s Indian Lake Water Pollution Control District. The District combined the planning and design loan with the final construction loan in 2015.

On September 30, 2014, the County issued \$12,300,000 of refunding bonds with a true cost of 3.48%, to advance refund \$12,413,000 of outstanding 2006 and 2010 bonds. The proceeds of \$12,647,746 (net of \$200,654 in issuance costs) provided for a deposit into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2006 and 2010 bonds. As a result, the 2006 and 2010 bonds are considered to be defeased and the liability for those bonds was removed from the bonds payable balance.

The 2014 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$177,909. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through calendar year 2039 using the straight-line method. The County completed the advance refunding to reduce its total bond payments through calendar year 2039 by \$1,446,136 and to obtain an economic gain (difference between the present values of the old and new bond payments) of \$1,096,898.

In April 2015, the County issued \$3,810,000 Sewer System Improvement Bonds, Series 2015, for the purpose of providing a portion of the cost of acquiring, constructing, enlarging, improving, and/or extending its sewer system. The bonds carry an interest rate of 2.125% and mature on April 1, 2055.

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.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 10 – LONG TERM LIABILITIES (Continued)

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

Sewer System Improvement Bonds, Series 2007			
	Principal	Interest	Totals
2016	\$ 115,000	\$ 68,200	\$ 183,200
2017	120,000	63,600	183,600
2018	120,000	58,800	178,800
2019	125,000	54,000	179,000
2020	130,000	49,000	179,000
2021-2025	750,000	161,000	911,000
2026-2028	345,000	20,800	365,800
Total	\$ 1,705,000	\$ 475,400	\$ 2,180,400

	Sewer System Improvement Bonds, Series 2007			Sewer System Improvement Bonds, Series 2008		
	Principal	Interest	Totals	Principal	Interest	Totals
2016	\$ 34,400	\$ 90,935	\$ 125,335	\$ 300,000	\$ 399,611	\$ 699,611
2017	35,800	89,517	125,317	310,000	387,611	697,611
2018	37,300	88,040	125,340	325,000	372,111	697,111
2019	38,800	86,501	125,301	340,000	355,861	695,861
2020	40,400	84,751	125,151	355,000	341,751	696,751
2021-2025	228,300	398,100	626,400	2,030,000	1,456,623	3,486,623
2026-2030	279,500	346,954	626,454	1,480,000	939,314	2,419,314
2031-2035	342,300	284,336	626,636	3,005,000	473,288	3,478,288
2036-2040	419,100	207,652	626,752	-	-	-
2041-2045	512,700	113,813	626,513	-	-	-
2046-2047	235,900	14,697	250,597	-	-	-
Total	\$ 2,204,500	\$ 1,805,296	\$ 4,009,796	\$ 8,145,000	\$ 4,726,170	\$ 12,871,170

	Various Purpose Refunding Bonds, Series 2012 A/B			Sewer System Improvement Bonds, Series 2015		
	Principal	Interest	Totals	Principal	Interest	Totals
2016	\$ 715,000	\$ 196,025	\$ 911,025	\$ -	\$ 81,184	\$ 81,184
2017	735,000	181,725	916,725	35,922	80,962	116,884
2018	755,000	167,025	922,025	72,797	79,814	152,611
2019	765,000	151,925	916,925	74,419	78,258	152,677
2020	780,000	136,625	916,625	76,082	76,879	152,961
2021-2025	2,545,000	431,500	2,976,500	406,880	358,409	765,289
2026-2030	1,375,000	190,863	1,565,863	456,337	312,857	769,194
2031-2035	515,000	23,400	538,400	501,435	261,789	763,224
2036-2040	-	-	-	474,824	210,232	685,056
2041-2045	-	-	-	529,287	157,126	686,413
2046-2050	-	-	-	591,601	97,943	689,544
2051-2055	-	-	-	590,416	31,816	622,232
Total	\$ 8,185,000	\$ 1,479,088	\$ 9,664,088	\$ 3,810,000	\$ 1,827,269	\$ 5,637,269

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 10 – LONG TERM LIABILITIES (Continued)

	County Home Improvement Bonds, Series 2010A			2014 Refunding Bonds		
	Principal	Interest	Totals	Principal	Interest	Totals
2016	\$ 60,000	\$ 1,800	\$ 61,800	\$ 260,000	\$ 444,588	\$ 704,588
2017	-	-	-	380,000	436,788	816,788
2018	-	-	-	395,000	425,388	820,388
2019	-	-	-	410,000	409,588	819,588
2020	-	-	-	420,000	401,387	821,387
2021-2025	-	-	-	2,380,000	1,717,538	4,097,538
2026-2030	-	-	-	2,900,000	1,203,806	4,103,806
2031-2035	-	-	-	3,430,000	676,069	4,106,069
2036-2039	-	-	-	1,530,000	123,426	1,653,426
Total	<u>\$ 60,000</u>	<u>\$ 1,800</u>	<u>\$ 61,800</u>	<u>\$ 12,105,000</u>	<u>\$ 5,838,578</u>	<u>\$ 17,943,578</u>

Pledged Revenues on Debt Issuances – The County has pledged future Logan Acres home revenues, net of specified operating expenses, to repay the county home bonds issued, the majority of which were refunded with the 2014 Refunding Bonds. 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 2039.

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 \$4,009,796. Principal and interest paid for the current year and total customer net revenues in 2015 were \$125,297 and \$227,269, respectively.

NOTE 11 – COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the Government-wide 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, 2015 vested vacation, compensatory, and sick leave benefits for governmental activity and business-type activity employees totaled \$1,140,218 and \$243,084, respectively.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – 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.

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	State and Local	Law Enforcement
2015 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %
 2015 Actual Contribution Rates		
Employer:		
Pension	12.0 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County's contractually required contribution was \$2,189,255 for 2015. Of this amount, \$89,429 is reported as a due to other governments.

State Teachers Retirement Systems

Plan Description - District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$96,444 for fiscal year 2015. Of this amount, \$483 is reported as a due to other governments.

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension asset and net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2015, and was determined by rolling forward the total pension liability as of July 1, 2014, to June 30, 2015. The County's proportion of the net pension asset and net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS Traditional Plan	OPERS Combined Plan	OPERS Law Enforcement	STRS	Total
Proportionate Share of the Net Pension (Asset)/Liability	\$14,708,171	(\$41,975)	\$1,720,157	\$1,610,733	\$17,997,086
Proportion of the Net Pension Liability/(Asset)	0.121947%	0.1090210%	0.0142620%	0.00582816%	
Pension Expense	\$1,605,847	\$27,890	\$190,871	(\$92,951)	\$1,731,657

At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	OPERS Law Enforcement	STRS	Total
Deferred Outflows of Resources					
Net difference between projected and actual earnings on pension plan investments	\$784,783	\$2,563	\$91,782	\$155,240	\$1,034,368
County contributions subsequent to the measurement date					2,237,477
Total Deferred Outflows of Resources	<u>\$784,783</u>	<u>\$2,563</u>	<u>\$91,782</u>	<u>\$155,240</u>	<u>\$3,271,845</u>
Deferred Inflows of Resources					
Differences between expected and actual experience	<u>\$258,393</u>	<u>\$12,806</u>	<u>\$30,220</u>	<u>\$229,410</u>	<u>\$530,829</u>

\$2,237,477 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OPERS Law Enforcement	STRS	Total
Year Ending December 31:					
2016	\$ 76,972	\$ (884)	\$ 9,003	\$ (17,610)	\$ 67,481
2017	76,972	\$ (884)	9,003	(17,610)	67,481
2018	176,250	\$ (884)	20,612	(17,612)	178,366
2019	196,196	\$ (881)	22,944	(21,338)	196,921
2020	-	(1,524)	-	-	(1,524)
Thereafter	-	(5,186)	-	-	(5,186)
Total	<u>\$ 526,390</u>	<u>\$ (10,243)</u>	<u>\$ 61,562</u>	<u>\$ (74,170)</u>	<u>\$ 503,539</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's proportionate share of the net pension liability			
Traditional Plan	\$ 27,058,820	\$ 14,708,171	\$ 4,305,949
Combined Plan	5,451	(41,975)	(79,585)
Law Enforcement	3,164,595	1,720,157	503,591

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Nominal Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
County’s proportionate share of the net pension liability	\$2,237,430	\$1,610,733	\$1,080,768

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Social Security System

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

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. See the Plan Statement in the OPERS 2014 CAFR for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members of the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Direction Plan for 2015 was 4.5%.

The County's contributions to OPERS to fund health care for the years ending December 31, 2015, 2014, and 2013 were \$356,007, \$380,441, and \$188,352, respectively. The full amount has been contributed for 2014 and 2013. 96 percent has been contributed for 2015 with the remainder being reported as a fund liability.

State Teachers Retirement System

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs 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.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – 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, 2014, 2013 and 2012. Effective July 1, 2014, 0% of covered payroll was allocated to post-employment health care. The 14% employer contribution rate is the maximum rate established under Ohio law. The County's contributions for health care for the fiscal years ended December 31, 2015, 2014, and 2013 were \$0, \$6,996, and \$6,573, respectively. The entire amount has been contributed for each fiscal year.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 14 – 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 15 – 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 16 – FUND RECLASSIFICATIONS AND RESTATEMENT OF FUND BALANCE

The Capital Improvements Fund met the criteria for major fund reporting in 2015. The effect of these reclassifications are as follows:

	Capital Improvements Fund	Other Governmental Funds
Fund Balances, December 31, 2014	\$ -	\$ 9,505,512
Major Fund Reclassifications:		
Capital Improvement Building Fund	1,102,466	(1,102,466)
Fund Balances, January 1, 2015	\$ 1,102,466	\$ 8,403,046

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." These standards established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of these pronouncements and restatement had the following effect on net position as reported December 31, 2014:

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION
(Continued)

	Governmental Activities	Business-Type Activities
Net Position December 31, 2014	93,382,416	22,037,396
Adjustments:		
Net Pension Asset	11,439	-
Net Pension Liability	(14,161,846)	(3,445,459)
Deferred Outflows	1,689,330	431,409
Deferred Inflows	(286,763)	-
Restated Net Position December 31, 2014	<u>80,634,576</u>	<u>19,023,346</u>

	Water Pollution Control	Logan Acres Home
Net Position December 31, 2014	15,850,570	6,186,826
Adjustments:		
Net Pension Liability	(555,618)	(2,889,841)
Deferred Outflows - Payments Subsequent to Measurement Date	69,569	361,840
Restated Net Position December 31, 2014	<u>15,364,521</u>	<u>3,658,825</u>

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources for OPERS as the information needed to generate these restatements was not available.

NOTE 18 – SHORT TERM LIABILITIES

During 2015, the County entered into two bond anticipation notes for the purpose of paying the cost of renovating the County Courthouse. The notes are payable from the Capital Improvement Buildings fund. The changes in the County's short term liabilities during the fiscal year are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note Issued 1/28/2015. 1%	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000
Bond Anticipation Note Issued 12/22/2015. 1.25%	-	6,000,000	-	6,000,000
	<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ -</u>	<u>\$ 12,000,000</u>

Logan County
Required Supplementary Information
Schedule of County's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System

Last Two Years (1)

	2014	2013
County's Proportion of the Net Pension (Asset)/Liability		
Traditional Plan	0.121947%	0.121947%
Combined Plan	0.109021%	0.109021%
County's Proportionate Share of the Net Pension (Asset)/Liability		
Traditional Plan	\$ 14,708,171	\$ 14,375,962
Combined Plan	\$ (41,975)	\$ (11,439)
County's Covered-Employee Payroll	\$ 15,401,758	\$ 16,010,577
County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered-Employee Payroll	95.22%	89.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability		
Traditional Plan	86.45%	86.36%
Combined Plan	114.83%	104.56%
Law Enforcement	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the County's measurement date, which is the prior fiscal year-end.

Logan County
Required Supplementary Information
Schedule of County's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System- Law Enforcement

Last Two Years (1)

	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension (Asset)/Liability	0.014262%	0.014262%
County's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,720,157	\$ 1,681,304
County's Covered-Employee Payroll	\$ 1,326,584	\$ 1,225,158
County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered-Employee Payroll	129.67%	137.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the County's measurement date, which is the prior fiscal year-end.

Logan County
Required Supplementary Information
Schedule of County's Proportionate Share of the Net Pension Liability
State Teachers Retirement System Fund

Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.00582816%	0.00637261%	0.00637261%
County's Proportionate Share of the Net Pension Liability	\$ 1,610,733	\$ 1,550,039	\$ 1,846,397
County's Covered-Employee Payroll	\$ 688,887	\$ 701,192	\$ 708,177
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	233.82%	221.06%	260.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the County's measurement date, which is June 30 of each year.

**Logan County
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System**

Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 1,980,297	\$ 1,848,211	\$ 2,081,375
Contributions in relation to the contractually required contribution	\$ 1,980,297	\$ 1,848,211	\$ 2,081,375
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 16,502,473	\$ 15,401,758	\$ 16,010,577
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%

(1) Information prior to 2013 is not available.

Logan County
Required Supplementary Information
Schedule of County Contributions
Ohio Public Employees Retirement System-Law Enforcement

Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 208,958	\$ 213,580	\$ 197,251
Contributions in relation to the contractually required contribution	\$ 208,958	\$ 213,580	\$ 197,251
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,297,874	\$ 1,326,584	\$ 1,225,158
Contributions as a percentage of covered-employee payroll	16.10%	16.10%	17.10%

(1) Information prior to 2013 is not available.

**Logan County
Required Supplementary Information
Schedule of County Contributions
State Teachers Retirement System Fund**

Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969	\$ 131,400	\$ 134,077	\$ 126,819
Contributions in relation to the contractually required contribution	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969	\$ 131,400	\$ 134,077	\$ 126,819
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 688,887	\$ 701,192	\$ 708,177	\$ 717,115	\$ 954,423	\$ 1,009,515	\$ 1,053,608	\$ 1,010,769	\$ 1,031,362	\$ 975,531
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

LOGAN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Job & Family Services</i>				
Food Stamp Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-1617-06-0360		\$219,485
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)		5,863
National School Lunch Program	10.555	(1)		11,048
Total Child Nutrition Cluster				<u>16,911</u>
Team Nutrition Grants	10.574	6490E		2,272
<i>Direct Program</i>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A		444,246
Total U.S. Department of Agriculture				<u>682,914</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:				
Formula Grant	14.228	B-F-13-1BP-1		311,314
Community Housing Improvement Program	14.228	B-C-13-1BP-1		250,048
Community Housing Improvement Program	14.228	B-C-13-1BP-2		6,500
Formula Grant	14.228	B-F-14-1BP-1		67,591
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:				<u>635,453</u>
Total U.S. Department of Housing and Urban Development				<u>635,453</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed Through Ohio Department of Youth Services</i>				
Juvenile Accountability Block Grant	16.523	2013-JB-015-B009		28,055
Drug Court Discretionary Grant Program	16.585	2011-DC-BX-0003		41,474
<i>Passed Through Ohio Attorney General's Office</i>				
Crime Victim Assistance	16.575	2015-VOCA-10203715		42,386
Crime Victim Assistance	16.575	2016-VOCA-19812157		18,194
Total Crime Victim Assistance				<u>60,580</u>
Edward Byrne Memorial Justice Assistance Grant Program:				
Edward Byrne Memorial JAG- The Circles Project	16.738	2014-JG-D01-6619		7,255
Edward Byrne Memorial JAG- Patrol Deputies Grant	16.738	2014-JG-A02-6821		33,107
Edward Byrne Memorial JAG- Taser Funds	16.738	2014-JG-LLE-5281		7,879
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>48,241</u>
Total U.S. Department of Justice				<u>178,350</u>
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Department of Job & Family Services and Area 7 Workforce Investment Board</i>				
Workforce Investment Act Cluster:				
WIA/WIOA Adult Program	17.258	2010-7346		51,211
WIA/WIOA Youth Activities	17.259	2010-7346		78,111
WIA/WIOA Dislocated Worker Formula Grants	17.278	2010-7346		36,762
Total Workforce Investment Act Cluster				<u>166,084</u>
Employment Service Cluster:				
Employment Services/Wagner-Peyser Funded Activities	17.207	2010-7346		43,713
Total U.S. Department of Labor				<u>209,797</u>

LOGAN COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction	20.205	PID#89125		244,984
Highway Planning and Construction	20.205	PID#89485		150,000
Highway Planning and Construction	20.205	PID#92389		112,808
Highway Planning and Construction	20.205	PID#95198		1,815,834
Highway Planning and Construction	20.205	PID#98619		4,500
Highway Planning and Construction	20.205	PID#99395		7,047
Highway Planning and Construction	20.205	PID#99405		49,997
Total Highway Planning and Construction Cluster				<u>2,385,170</u>
Passed Through Ohio Department of Public Safety				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2015-46-00-22-00-531-00		10,403
State and Community Highway Safety	20.600	STEP-2016-46-00-22-00-563-00		1,644
Total State and Community Highway Safety				<u>12,047</u>
National Priority Safety Program	20.616	IDEP-2015-46-00-00-00-359-00		14,866
National Priority Safety Program	20.616	IDEP-2016-46-00-00-00-562-00		2,299
Total National Priority Safety Program				<u>17,165</u>
Total Highway Safety Cluster				<u>29,212</u>
Total U.S. Department of Transportation				<u>2,414,382</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster:				
Special Education Preschool Grants	84.173	(1)		34,733
Total U.S. Department of Education				<u>34,733</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Job & Family Services				
Promoting Safe and Stable Families	93.556	G-1617-06-0360		70,798
Temporary Assistance for Needy Families (TANF)	93.558	G-1617-06-0360	32,345	551,135
Child Support Enforcement	93.563	G-1617-06-0360		535,217
Child Care and Development Block Grant	93.575	G-1617-06-0360		50,795
Community-Based Child Abuse Prevention Grants	93.590	G-1617-06-0360		2,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-06-0360		55,580
Foster Care - Title IV-E	93.658	G-1415-06-0212		48,301
Foster Care - Title IV-E	93.658	G-1617-06-0360		152,236
Total Foster Care - Title IV-E				<u>200,537</u>
Adoption Assistance	93.659	G-1617-06-0360		239,220
Social Services Block Grant:				
Passed Through Ohio Department of Developmental Disabilities				
Social Services Block Grant	93.667	(1)		22,023
Passed Through Ohio Department of Job & Family Services				
Social Services Block Grant	93.667	G-1617-06-0360	45,939	457,381
Total Social Services Block Grant				<u>479,404</u>
Passed Through Ohio Department of Job & Family Services				
Chafee Foster Care Independence Program	93.674			675
Medical Assistance Program:				
Passed Through Ohio Department of Job & Family Services				
Medical Assistance Program	93.778	G-1617-06-0360		607,451
Passed Through Ohio Department of Developmental Disabilities				
Medicaid Administrative Claiming	93.778	(1)		124,674
Total Medicaid Assistance Program				<u>732,125</u>
Total U.S. Department of Health and Human Services				<u>2,917,486</u>

LOGAN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Department of Public Safety</i>				
<i>Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064-S01		50,751
Emergency Management Performance Grants	97.042	EMW-2014-EP-00064-S01		2,441
Total Emergency Management Performance Grants				<u>53,192</u>
Total U.S. Department of Homeland Security				<u>53,192</u>
Total Expenditures of Federal Awards			<u>\$78,284</u>	<u>\$7,126,307</u>

The accompanying notes are an integral part of this schedule.

(1) - *Pass-through number not available or multiple.*

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LOGAN COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Logan County, Ohio (the County) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

The County passes certain federal awards received from the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (sub-recipients). As Note B describes, the County reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the County has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE D - MATCHING REQUIREMENTS

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

NOTE E - 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 fiscal year 2015, a portion of Logan County's Social Services Block Grant program allocation from ODJFS represents allowable TANF transfer funds.

During fiscal year 2015, ODJFS transferred \$301,311 of the County's Temporary Assistance for Needy Families (93.558) funds to the Social Services Block Grant program.

LOGAN COUNTY

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

NOTE E - TRANSFERS BETWEEN FEDERAL PROGRAMS (Continued)

The Schedule of Expenditures of Federal Awards shows the County spent \$551,135 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. The amount ODJFS transferred to the Social Services Block Grant 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 2015:

Total Temporary Assistance for Needy Families.....	\$852,446
Total reported as Social Services Block Grant.....	<u>(301,311)</u>
Total reported as Temporary Assistance for Needy Families.....	<u>\$551,135</u>



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Logan County
Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
100 South Madriver Street
Bellefontaine, Ohio 43311

To the County Board of Commissioners, Auditor, and Treasurer:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 12, 2016. We noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

County's Response to Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2016



Dave Yost • Auditor of State

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

Logan County
Honorable County Board of Commissioners
Honorable County Auditor
Honorable County Treasurer
100 South Madriver Street
Bellefontaine, Ohio 43311

To the County Board of Commissioners, Auditor, and Treasurer:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for each of the County's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County's major programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Highway Planning and Construction and Social Services Block Grant

As described in findings 2015-002 and 2015-003 in the accompanying schedule of findings, the County did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-002	93.667	Social Services Block Grant	Reporting
2015-003	20.205	Highway Planning and Construction	Procurement, Suspension, and Debarment

Compliance with these requirements is necessary, in our opinion, for the County to comply with the requirements applicable to these programs.

Qualified Opinion on Highway Planning and Construction and Social Services Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Highway Planning and Construction and Social Services Block Grant* paragraph, Logan County complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Highway Planning and Construction and Social Services Block Grant* for the year ended December 31, 2015.

Other Matters

The County's responses to our noncompliance findings are described in the accompanying corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings as items 2015-002 and 2015-003.

The County's responses to our internal control over compliance findings are described in the accompanying corrective action plan. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 12, 2016

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LOGAN COUNTY
 SCHEDULE OF FINDINGS
 2 CFR § 200.515
 DECEMBER 31, 2015

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified for Both
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR §200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction Cluster CFDA #93.667 - Social Services Block Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2015-001

Significant Deficiency

Financial Reporting

Sound financial reporting is the responsibility of the Auditor and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following misstatements were adjusted on the December 31, 2015 financial statements and accounting records:

- \$1,225,507 in Governmental Activities opinion unit to remove amounts which should not be included in Depreciable Capital Assets, Net.
- \$60,846 in the Auto and Gas Fund and Governmental Activities opinion units to remove known inventory overstatements
- \$22,935 in Agency Fund to increase cash and cash equivalents with fiscal agents and due to other governments

The following errors were immaterial to the overall financial statements of the County and were not posted to the December 31, 2015, financial statements:

- \$137,665 remaining projection in the Auto and Gas Fund and Governmental Activities opinion units to remove amounts which should not be included in inventory.
- \$29,232 understatement to Special Assessment Receivable and Revenue in the Water Pollution Control Fund and Business-Type Activities
- \$49,308 in intergovernmental revenues incorrectly posted to miscellaneous revenue in Other Governmental Funds and Governmental Activities
- \$8,887 in casino revenues unreported as Due from Other Governments and Deferred Inflows in Capital Improvement Fund and Governmental Activities
- Property taxes posted at net rather than gross in General (\$62,909) and Developmental Disabilities Fund (\$85,187)
- Governmental Activities (\$121,692) and Business-Type Activities (\$88,180) Net Investment in Capital Assets overstated by not excluding all debt-related amounts

The lack of proper controls and/or procedures to assure that all transaction types are completely and accurately posted led to errors noted above, and could lead to irregularities in the presentation of financial statements and/or notes to the financial statements as presented at year end by the entity.

The misstatements identified above should be reviewed by the Auditor and the governing board to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Auditor should adopt policies and procedures to identify and correct errors and omissions. The implementation and proper management of a new accounting software system, planned for later implementation, should help to alleviate future issues. Accurate financial reporting is essential to provide useful information to financial statement users as well as management.

Official's Response:

See Corrective Action Plan

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2015-002		
CFDA Title and Number	93.667 – Social Services Block Grant (JFS) Social Services Block Grant (BODD)		
Federal Award Identification Number / Year	G-1617-06-0360		
Federal Agency	U.S. Department of Health and Human Services		
Pass-Through Entity	Ohio Department of Job and Family Services Ohio Department of Development Disabilities		
Repeat Finding from Prior Audit?	Yes	Finding Number? (if repeat)	2014-003

Noncompliance and Material Weakness - Reporting

45 CFR §75.342(a), regarding monitoring by the non-Federal entity, provides that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity.

Ohio Department of Job and Family Services requires quarterly submission of the Social Services Block Grant Quarterly Summary of Direct Services Provided and Purchased Services Contracts and Agreements for counties. Additionally, the Ohio Department of Development Disabilities requires grantees to submit quarterly reports via the Department Title XX Web Application, totaling the number of units by services and persons in three different age categories.

The County Department of Job and Family Services reported the number of individuals assessed per program type quarterly in accordance with the Social Services Block Grant, however, the totals reported did not agree to supporting documentation. In addition, the ODJFS 2827/ CR 520 reports were not signed and filed before the required due date for two quarters.

The Department should establish procedures for accurately reporting the number of individuals assessed for performance reporting requirements of the Social Services Block Grant and to ensure that all reports are signed and filed timely.

The County Board of Developmental Disabilities completed its quarterly reports; however, the Board under reported the numbers of hours worked on the units of service report for all four quarters. Rather than reporting hours worked by definition on Exhibit A of the sub-grant agreement, the Board reported skilled training hours along with work hours for some individuals and not others. This resulted in the Board not reporting the true units of service for performance reporting, thus not allowing the Board to be reimbursed for the cost.

The County Department of Job and Family Services and the County Board of Developmental Disabilities should implement procedures to properly report, timely file, and maintain documentation required for quarterly reporting to the State for federal grants. Failure to properly report information and in a timely manner could result in the loss of funding.

Official's Response:

See Corrective Action Plan

Finding Number	2015-003		
CFDA Title and Number	20.205 – Highway Planning and Construction		
Federal Award Identification Number / Year	PID#95198, PID#89485, PID#89125		
Federal Agency	U.S. Department of Transportation		
Pass-Through Entity	Ohio Department of Transportation		
Repeat Finding from Prior Audit?	No	Finding Number? (if repeat)	N/A

Noncompliance and Material Weakness - Procurement, Suspension, and Debarment

23 CFR 172.7(b)(3) states a contracting agency shall verify suspension and debarment actions and eligibility status of consultants and sub-consultants prior to entering into an agreement or contract in accordance with 2 CFR part 1200 and 2 CFR part 180.

2 CFR Subtitle A, Chapter 1, Part 180, Subpart B, Section 180.220 states:

- (a) Covered transactions under this part—
 - (1) Do not include any procurement contracts awarded directly by a Federal agency; but
 - (2) Do include some procurement contracts awarded by non-Federal participants in non-procurement covered transactions.
- (b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:
 - (1) The contract is awarded by a participant in a non-procurement transaction that is covered under §180.210, and the amount of the contract is expected to equal or exceed \$25,000.
 - (2) The contract requires the consent of an official of a Federal agency. In that case, the contract, regardless of the amount, always is a covered transaction, and it does not matter who awarded it. For example, it could be a subcontract awarded by a contractor at a tier below a non-procurement transaction, as shown in the appendix to this part.
 - (3) The contract is for Federally-required audit services.
- (c) A subcontract also is a covered transaction if,—
 - (1) It is awarded by a participant in a procurement transaction under a non-procurement transaction of a Federal agency that extends the coverage of paragraph (b)(1) of this section to additional tiers of contracts (see the diagram in the appendix to this part showing that optional lower tier coverage); and
 - (2) The value of the subcontract is expected to equal or exceed \$25,000.

The Logan County Engineering Department did not perform a search for entities with contracts exceeding \$25,000 to determine if the entity was suspended, debarred, or otherwise excluded. The auditors performed the search for The Shelly Company (\$2,269,793), Oglesby Construction Inc. (\$160,719), and Lake Erie Construction Company (\$244,984), for the PID Contracts 95198, 89485, and 89125, respectively, and none of the entities were suspended, debarred, or otherwise excluded during fiscal year 2015. In addition, the Department does not have a written procurement policy nor documented procedures for procurement.

The Logan County Engineering Department should implement policies and procedures to ensure all expenditures in excess of \$100,000 follow a procurement policy which reflects the necessary requirements of the federal grants. The Department also should implement procedures to search for debarment, suspension, or otherwise excluded entities when entering into a contract for any entity, specifically for contracts greater than \$25,000.

Official's Response:

See Corrective Action Plan

LOGAN COUNTY

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

Finding Number	Finding Summary	Status	Additional Information
2014-001	Financial Reporting – Misstatements identified in financial statements	Partially Corrected	See Finding 2015-001 and Corrective Action Plan. Reoccurrence due to timing of prior audit.
2014-002	45 CFR §92.37(b), 45 CFR §92.40(a), Ohio Admin. Code 5101:9-1-88(A)(1), Ohio Admin. Code 5101:9-1-88(E) – Sub-recipient Monitoring	Partially Corrected	See Management Letter – Monitoring procedures implemented. Additional audit reviews needed. Reoccurrence due to timing of prior audit.
2014-003	45 CFR Part 75 §75.342(a) – Reporting Accuracy	Partially Corrected	See Finding 2015-002 and Corrective Action Plan. Reoccurrence due to timing of prior audit.

LOGAN COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	The problem was the Engineer's office submitted the wrong amounts as it relates to road improvements for the year. They have been corrected and the Engineer's office is now aware of what we need to see to post the amounts properly.	Completed September 2016	Mike Yoder, County Auditor
2015-002	<p>New full time Director will be able to complete documentation in a timely manner. Prior Director was shared by two counties and this sometimes led to scheduling issues and missing deadlines.</p> <p>Same CAP as last year, except now, with full time Director, the transfer of the responsibility for the completion of the 4282 has been completed and will be tracked to verify that it is completed in timely manner.</p> <p>The Logan County Board of DD (LCBDD) has historically only invoiced for the actual work hours with this grant. Skills' training, although not explicitly stated in the grant agreement, was determined to be billable based on an opinion received from The Ohio Department of Developmental Disabilities. It is the intent of LCBDD to include additional hours for training purposes in all future billings. The fiscal clerk collects time records, completes the units of service logs, and inputs the quarterly claim on the web based application. The Business Director reviews the time records, units of service logs and approves the quarterly claim on the web based application. The Business Director will monitor all new grant agreements to ensure that any changes to billable services are communicated to the Fiscal Clerk.</p>	<p>11/4/2016</p> <p>12/30/2016</p> <p>December 2016</p>	<p>Cynthia L. Heffner, Esq. Director Logan County JFS</p> <p>Lisa Austin, Account Clerk and Kimberly A. Arbogast Fiscal Officer</p> <p>Lana Switzer, Business Director, Logan County Board of Developmental Disabilities</p>
2015-003	The Logan County Engineering Office will check the following website (https://www.sam.gov/portal/SAM/#1) to verify that federal contracts over \$100,000 are not debarred.	Completed September 2016	Scott Coleman, Engineer



Dave Yost • Auditor of State

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
JANUARY 24, 2017