



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LOGAN COUNTY  
DECEMBER 31, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual	
General Fund .....	25
Auto and Gas Fund .....	26
Developmental Disabilities Fund .....	27
Statement of Net Position	
Proprietary Funds .....	28
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds .....	29
Statement of Cash Flows	
Proprietary Funds .....	30
Statement of Fiduciary Net Position	
Fiduciary Funds .....	32
Statement of Change in Fiduciary Net Position Fiduciary Fund .....	33
Notes to the Basic Financial Statements .....	35

**LOGAN COUNTY  
DECEMBER 31, 2018**

**TABLE OF CONTENTS  
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of County's Proportionate Share of the Net Pension (Asset)/Liability - Ohio Public Employees Retirement System.....	86
Schedule of County's Proportionate Share of the Net Pension Liability - State Teachers Retirement System Fund.....	87
Schedule of County Pension Contributions Ohio Public Employees Retirement System .....	88
Schedule of County Pension Contributions State Teachers Retirement System Fund.....	89
Schedule of County's Proportionate Share of the Net OPEB Liability - Ohio Public Employees Retirement System .....	90
Schedule of County's Proportionate Share of the Net OPEB Liability - State Teachers Retirement System Fund.....	91
Schedule of County OPEB Contributions Ohio Public Employees Retirement System .....	92
Schedule of County OPEB Contributions State Teachers Retirement System Fund.....	93
Notes to Required Supplementary Information .....	94
Schedule of Expenditures of Federal Awards .....	95
Notes to the Schedule of Expenditures of Federal Awards.....	98
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	101
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.....	103
Schedule of Findings .....	107
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	110
Corrective Action Plan.....	111

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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 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, 2018, 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 such 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, 2018, 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 19 to the financial statements, during 2018, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The County's financial statements were also restated to properly account for long-term liabilities related to the Series 2012 A/B various purpose bonds in governmental activities instead of the Water Pollution Control Fund. We did not modify our opinion regarding these matters.

### ***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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 October 31, 2019, 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 "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

October 31, 2019

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**LOGAN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(UNAUDITED)**

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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, 2018.

**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 \$99.8 million (net position).
- The County's Governmental Activities net position decreased by \$257,178 and the County's Business-Type Activities net position decreased by \$264,128.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$31.0 million, an increase of approximately \$5.8 million 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 15-17 of this report.

## LOGAN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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

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

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

The County maintains 137 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of 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 133 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 18-27 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 28-31 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 32-33 of this report.

**LOGAN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

**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 35 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 86-94 of this report.

**Government-Wide Financial Analysis**

The table below provides a comparative summary of the County's net position at December 31, 2018 and December 31, 2017:

	<b>Net Position</b>			
	2018 Governmental Activities	2018 Business-Type Activities	Restated 2017 Governmental Activities	Restated 2017 Business-Type Activities
<u>Assets</u>				
Current and other assets	\$ 46,177,072	\$ 16,416,417	\$ 49,772,151	\$ 15,688,891
Capital assets, net	<u>88,894,390</u>	<u>37,347,587</u>	<u>83,964,297</u>	<u>38,609,271</u>
Total assets	<u>135,071,462</u>	<u>53,764,004</u>	<u>133,736,448</u>	<u>54,298,162</u>
<u>Deferred Outflows of Resources</u>	<u>5,536,534</u>	<u>2,571,576</u>	<u>9,793,340</u>	<u>4,113,579</u>
<u>Liabilities</u>				
Current and other liabilities	2,199,280	875,585	11,611,349	811,228
Long-term liabilities				
Other Long Term Liabilities	16,916,484	26,908,243	7,902,910	28,033,502
Net Pension Liability	16,927,426	4,793,017	25,296,696	7,122,458
Net OPEB Liability	<u>10,718,853</u>	<u>3,226,721</u>	<u>9,877,650</u>	<u>3,071,008</u>
Total liabilities	<u>46,762,043</u>	<u>35,803,566</u>	<u>54,688,605</u>	<u>39,038,196</u>
<u>Deferred Inflows of Resources</u>	<u>13,083,221</u>	<u>1,531,313</u>	<u>7,821,273</u>	<u>108,716</u>
<u>Net position</u>				
Net Investment in Capital Assets	74,441,741	11,777,005	69,710,122	12,029,384
Restricted	24,919,642	-	23,520,176	-
Unrestricted	<u>(18,598,651)</u>	<u>7,223,696</u>	<u>(12,210,388)</u>	<u>7,235,445</u>
Total net position	<u>\$ 80,762,732</u>	<u>\$ 19,000,701</u>	<u>\$ 81,019,910</u>	<u>\$ 19,264,829</u>

## LOGAN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The net pension liability (NPL) is the largest single liability reported by the County at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the County adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

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 OPEB, the net pension (asset)/liability and the net OPEB (asset)/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension (asset)/liability* or *net OPEB (asset)/liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension (asset)/liability and the net OPEB (asset)/liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

## LOGAN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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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 or the net OPEB (asset)/liability.

As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension (asset)/liability and net OPEB (asset)/liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB (asset)/liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$91,949,174 to \$82,189,364 for governmental activities and from \$21,125,801 to \$18,095,375 for business-type activities.

For governmental activities, current and other assets decreased significantly in comparison with the prior fiscal year end. This decrease is primarily the result of a decrease in Equity in Pooled Cash and Investments due to expenditures exceeding revenues during 2018 as the County spent down bond proceeds issued in 2017.

For governmental activities, capital assets, net, increased significantly during 2018. This increase represents the amount in which current year acquisitions exceeded current year depreciation and disposals.

For governmental activities, current and other liabilities decreased significantly during 2018. This decrease is primarily the result of issuing a \$9.6 million general obligation capital facilities bonds to pay for the two capital facilities bond anticipation notes issued in 2017 and 2018.

The net pension and net OPEB liabilities and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior year. These fluctuations are primarily the result of the greater than expected returns on pension plan investments.

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 \$99.8 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, 2018  
(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 2018 and 2017:

	<b>Change in Net Position</b>			
	Governmental Activities 2018	Business-Type Activities 2018	Governmental Activities 2017	Business-Type Activities 2017
	<b><u>Revenues</u></b>			
Program revenues:				
Charges for Services	\$ 8,953,648	\$ 11,823,091	\$ 8,232,363	\$ 11,356,944
Operating Grants and Contributions	14,454,925	2,140,082	13,354,610	2,520,082
Capital Grants and Contributions	882,217	-	1,131,294	-
Total program revenues	<u>24,290,790</u>	<u>13,963,173</u>	<u>22,718,267</u>	<u>13,877,026</u>
General revenues:				
Property and Sales Taxes	18,387,794	-	18,718,514	-
Unrestricted Grants and Entitlements	1,059,500	-	1,927,267	-
Unrestricted Investment Earnings	511,597	10,325	478,794	4,360
Insurance Proceeds	156,939	-	110,000	-
Other	263,054	-	386,877	-
Total general revenues	<u>20,378,884</u>	<u>10,325</u>	<u>21,621,452</u>	<u>4,360</u>
Total revenues	<u>44,669,674</u>	<u>13,973,498</u>	<u>44,339,719</u>	<u>13,881,386</u>
<b><u>Expenses</u></b>				
General Government- Legislative and Executive	6,699,929	-	6,176,113	-
General Government- Judicial	3,437,846	-	3,405,878	-
Public Safety	7,346,678	-	6,975,368	-
Public Works	8,488,594	-	8,236,679	-
Health	1,793,442	-	1,775,120	-
Human Services	15,340,652	-	13,913,739	-
Conservation and Recreation	4,116	-	4,116	-
Economic Development and Assistance	393,068	-	290,076	-
Urban Redevelopment and Housing	861,350	-	606,535	-
Interest and Fiscal Charges	561,177	-	336,260	-
Water Pollution Control Fund	-	4,638,730	-	3,987,622
Logan Acres County Home Fund	-	9,598,896	-	9,828,834
Total expenses	<u>44,926,852</u>	<u>14,237,626</u>	<u>41,719,884</u>	<u>13,816,456</u>
Change in Net Position Before Transfers	(257,178)	(264,128)	2,619,835	64,930
Net Transfers	<u>-</u>	<u>-</u>	<u>(96,906)</u>	<u>96,906</u>
Change in Net Position	(257,178)	(264,128)	2,522,929	161,836
Net position, Beginning of Year, Restated	81,019,910	19,264,829	N/A	N/A
Net Position, End of Year	<u>\$ 80,762,732</u>	<u>\$ 19,000,701</u>	<u>\$ 81,019,910</u>	<u>\$ 19,264,829</u>

**LOGAN COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(UNAUDITED)**

Total expenses increased significantly in comparison with the prior fiscal year. A primary component of this increase is an increase in human services expenses, which correlates with an increase in human services funding.

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 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses				
Legislative and Executive	\$ 6,699,929	\$ 4,112,525	\$ 6,176,113	\$ 3,642,539
Judicial	3,437,846	1,812,879	3,405,878	2,006,457
Public Safety	7,346,678	6,313,529	6,975,368	5,602,764
Public Works	8,488,594	2,594,107	8,236,679	2,152,006
Health	1,793,442	(462,502)	1,775,120	(648,672)
Human Services	15,340,652	5,828,701	13,913,739	5,594,697
Conservation and Recreation	4,116	4,116	4,116	4,116
Economic Development and Assistance	393,068	(243,355)	290,076	257,026
Urban Redevelopment and Housing	861,350	114,885	606,535	54,424
Interest and Fiscal Charges	561,177	561,177	336,260	336,260
Total program expenses	<u>\$ 44,926,852</u>	<u>\$ 20,636,062</u>	<u>\$ 41,719,884</u>	<u>\$ 19,001,617</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 46 percent of expenses.

**Financial Analysis of the Governmental Funds**

As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of approximately \$31.0 million, an increase of approximately \$5.8 million 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 \$4.3 million, while total fund balance reached approximately \$6.5 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 30 percent of total general fund expenditures, while total fund balance represents 46 percent of that same amount.

The fund balance of the County’s general fund decreased by approximately \$1.3 million during the current fiscal year. This decrease represents the amount in which expenditures (\$14.2 million) and other financing uses (\$1.4 million) exceeded revenues (\$13.8 million) and other financing sources (\$493,614).

## LOGAN COUNTY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

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The fund balance of the County's auto and gas fund increased by \$254,197 during the current fiscal year. This increase represents the amount in which program revenues exceeded program expenditures and a decrease in inventory.

The fund balance of the County's developmental disabilities fund increased by \$45,336 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 increased by approximately \$6.3 million during the current fiscal year. This increase represents the amount in which new bond proceeds and intergovernmental revenues exceeded capital outlays and debt service.

#### **Financial Analysis of the Proprietary Funds**

Net position in the Water Pollution Control Fund increased \$29,537 during the current fiscal year. The key components of this increase were operating income (\$502,499) and interest income (\$10,325), offset by interest expense (\$483,287).

Net position in the Logan Acres Home Fund decreased \$293,665 during the current fiscal year. This decrease represents a combination of an operating income of \$122,573, offset by interest expense (\$416,238).

#### **General Fund Budgeting Highlights**

The County's final and original revenue estimate was approximately \$17.9 million. The County's actual revenues exceeded the final revenue estimate by \$957,469, or 5%.

The County's final appropriations exceeded original appropriations by approximately \$2.7 million. This increase is the result of additional appropriations resulting from the increase in sales taxes. The County's final actual budgetary expenditures were \$447,065 less than final appropriations.

#### **Capital Assets**

The County's investment in capital assets for governmental activities as of December 31, 2018, including land, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure, totaled approximately \$88.9 million (net of accumulated depreciation), an increase of approximately \$4.9 million in comparison with the prior year. This increase represents the amount in which current year acquisitions of approximately \$10.1 million exceeded current year depreciation of approximately \$5.1 million and net current year disposals of \$56,658.

The County's investment in capital assets for business-type activities as of December 31, 2018, including land, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure totaled approximately \$37.3 million (net of accumulated depreciation), a decrease of approximately \$1.3 million in comparison with the prior year. This decrease represents the amount in which current year depreciation of approximately \$1.6 million and net current year disposals of \$3,043 exceeded current year acquisitions of \$310,872.



**LOGAN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**(UNAUDITED)**

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Detailed information regarding capital asset activity is included in the Note 8 to the basic financial statements.

**Debt Administration**

The County's governmental activities debt as of December 31, 2018 totaled approximately \$15.7 million, an increase of approximately \$8.9 million in comparison with the prior year. This increase represents the amount in which issuance of general obligation bonds (\$9.6 million) and related premiums (\$90,191) exceeded principal payments (\$695,000) and premium amortization (\$16,453).

The County's business-type activities debt as of December 31, 2018 totaled \$26.6 million, a decrease of \$1.1 million in comparison with the prior year. This decrease represents principal payments (\$1.1 million) and premium amortization (\$89,230).

Detailed information regarding debt activity is included in the Note 9 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 Jack Reser, County Auditor, 100 South Madriver Street, Bellefontaine, Ohio 43311, or e-mail at [jreser@co.logan.oh.us](mailto:jreser@co.logan.oh.us) or telephone at (937) 599-7209.

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**LOGAN COUNTY**

STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2018

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$ 29,882,956	\$ 14,276,856	\$ 44,159,812
Cash and Cash Equivalents with Fiscal Agents	-	147,320	147,320
Receivables:			
Taxes	10,946,759	-	10,946,759
Accounts	268,679	887,415	1,156,094
Special Assessments	111,789	807,740	919,529
Accrued Interest	37,162	-	37,162
Intergovernmental	3,518,242	217,222	3,735,464
Prepaid Items	357,849	56,020	413,869
Materials and Supplies Inventory	560,172	23,844	584,016
Loans Receivable	214,600	-	214,600
Nondepreciable Capital Assets	3,979,984	209,800	4,189,784
Depreciable Capital assets, Net	84,914,406	37,137,787	122,052,193
Net Pension Asset	187,246	-	187,246
Net OPEB Asset	91,618	-	91,618
<b>Total Assets</b>	<b>135,071,462</b>	<b>53,764,004</b>	<b>188,835,466</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	-	1,117,581	1,117,581
Pension	4,523,222	1,215,927	5,739,149
OPEB	1,013,312	238,068	1,251,380
<b>Total Deferred Outflows of Resources</b>	<b>5,536,534</b>	<b>2,571,576</b>	<b>8,108,110</b>
<b>Liabilities</b>			
Accounts Payable	1,360,879	461,299	1,822,178
Accrued Wages	553,835	179,996	733,831
Due to Other Governments	243,774	97,082	340,856
Accrued Interest Payable	40,792	137,208	178,000
Long-Term Liabilities:			
Due Within One Year	1,382,006	1,182,059	2,564,065
Due in More Than One Year	15,534,478	25,726,184	41,260,662
Net Pension Liability	16,927,426	4,793,017	21,720,443
Net OPEB Liability	10,718,853	3,226,721	13,945,574
<b>Total Liabilities</b>	<b>46,762,043</b>	<b>35,803,566</b>	<b>82,565,609</b>
<b>Deferred Inflows of Resources:</b>			
Property and Other Local Taxes	7,659,151	-	7,659,151
Pension	4,483,582	1,243,111	5,726,693
OPEB	940,488	288,202	1,228,690
<b>Total Deferred Inflows of Resources</b>	<b>13,083,221</b>	<b>1,531,313</b>	<b>14,614,534</b>
<b>Net Position</b>			
Net Investment in Capital Assets	74,441,741	11,777,005	86,218,746
Restricted for:			
Capital Projects	566,407	-	566,407
Legislative and Executive	1,674,480	-	1,674,480
Public Safety	470,344	-	470,344
Human Services	10,768,034	-	10,768,034
Public Works	9,710,636	-	9,710,636
Urban Redevelopment and Housing	99,700	-	99,700
Judicial	840,516	-	840,516
Economic Development and Assistance	789,525	-	789,525
Unrestricted	(18,598,651)	7,223,696	(11,374,955)
<b>Total Net Position</b>	<b>\$ 80,762,732</b>	<b>\$ 19,000,701</b>	<b>\$ 99,763,433</b>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 6,699,929	\$ 2,587,404	\$ -	\$ -
Judicial	3,437,846	907,046	717,921	-
Public Safety	7,346,678	583,938	449,211	-
Public Works	8,488,594	708,593	4,303,677	882,217
Health	1,793,442	2,130,944	125,000	-
Human Service	15,340,652	2,034,201	7,477,750	-
Conservation and Recreation	4,116	-	-	-
Economic Development and Assistance	393,068	1,522	634,901	-
Urban Redevelopment and Housing	861,350	-	746,465	-
Interest and Fiscal Charges	561,177	-	-	-
Total Governmental Activities	<u>44,926,852</u>	<u>8,953,648</u>	<u>14,454,925</u>	<u>882,217</u>
Business-Type Activities:				
Water Pollution Control Fund	4,638,730	4,657,942	-	-
Logan Acres County Home Fund	9,598,896	7,165,149	2,140,082	-
Total Business-type Activities	<u>14,237,626</u>	<u>11,823,091</u>	<u>2,140,082</u>	<u>-</u>
Total Primary Government	<u>\$ 59,164,478</u>	<u>\$ 20,776,739</u>	<u>\$ 16,595,007</u>	<u>\$ 882,217</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  
 Insurance Proceeds  
 Miscellaneous  
 Total General Revenues

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
(4,112,525)		(4,112,525)
(1,812,879)		(1,812,879)
(6,313,529)		(6,313,529)
(2,594,107)		(2,594,107)
462,502		462,502
(5,828,701)		(5,828,701)
(4,116)		(4,116)
243,355		243,355
(114,885)		(114,885)
(561,177)		(561,177)
<u>(20,636,062)</u>		<u>(20,636,062)</u>
	19,212	19,212
	<u>(293,665)</u>	<u>(293,665)</u>
	<u>(274,453)</u>	<u>(274,453)</u>
\$ (20,636,062)	\$ (274,453)	\$ (20,910,515)
2,646,643	-	2,646,643
3,565,945	-	3,565,945
1,358,775	-	1,358,775
7,210,948	-	7,210,948
3,605,483	-	3,605,483
1,059,500	-	1,059,500
511,597	10,325	521,922
156,939	-	156,939
263,054	-	263,054
<u>20,378,884</u>	<u>10,325</u>	<u>20,389,209</u>
(257,178)	(264,128)	(521,306)
81,019,910	19,264,829	100,284,739
<u>\$ 80,762,732</u>	<u>\$ 19,000,701</u>	<u>\$ 99,763,433</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2018

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 5,567,839	\$ 2,276,687	\$ 7,761,551	\$ 316,833
Receivables:				
Taxes	4,786,918	-	3,832,616	-
Accounts	96,611	6,194	5,522	-
Special Assessments	-	-	-	-
Accrued Interest	37,162	-	-	-
Intergovernmental	554,397	2,246,860	246,990	267,106
Interfund	-	-	-	-
Prepaid Items	266,557	28,801	1,930	-
Materials and Supplies Inventory	-	560,172	-	-
Due From Other Funds	576,546	-	-	-
Loans Receivable	214,600	-	-	-
Total Assets	<u>\$ 12,100,630</u>	<u>\$ 5,118,714</u>	<u>\$ 11,848,609</u>	<u>\$ 583,939</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 693,021	\$ 66,320	\$ 69,692	\$ 17,532
Accrued Wages	258,418	57,231	76,661	-
Due to Other Governments	121,280	25,458	27,484	-
Interfund Payable	-	-	-	-
Matured Compensated Absences	-	-	662	-
Due To Other Funds	-	-	-	-
Total Liabilities	<u>1,072,719</u>	<u>149,009</u>	<u>174,499</u>	<u>17,532</u>
<b>Deferred Inflows of Resources:</b>				
Property and Other Local Taxes	2,729,613	-	3,574,601	-
Unavailable Revenue	1,842,566	1,878,892	356,666	133,750
Total Deferred Inflows of Resources	<u>4,572,179</u>	<u>1,878,892</u>	<u>3,931,267</u>	<u>133,750</u>
<b>Fund Balances:</b>				
Nonspendable:				
Inventory	-	560,172	-	-
Prepays	266,557	28,801	1,930	-
Unclaimed Monies	128,555	-	-	-
Loans	166,248	-	-	-
Restricted:				
Capital Projects	-	-	-	432,657
Legislative and Executive	-	-	-	-
Public Safety	-	-	-	-
Human Services	-	-	7,740,913	-
Public Works	-	2,501,840	-	-
Urban Redevelopment and Housing	-	-	-	-
Judicial	-	-	-	-
Economic Development and Assistance	-	-	-	-
Committed:				
Health	178,847	-	-	-
Public Safety	-	-	-	-
Economic Development and Assistance	-	-	-	-
Assigned:				
Human Services	26,337	-	-	-
Public Safety	37,340	-	-	-
Judicial	719,782	-	-	-
Legislative and Executive	644,204	-	-	-
Capital Projects	-	-	-	-
Public Works	1,755	-	-	-
Health	4,325	-	-	-
Unassigned	4,281,782	-	-	-
Total Fund Balances	<u>6,455,732</u>	<u>3,090,813</u>	<u>7,742,843</u>	<u>432,657</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,100,630</u>	<u>\$ 5,118,714</u>	<u>\$ 11,848,609</u>	<u>\$ 583,939</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 13,960,046	\$ 29,882,956
2,327,225	10,946,759
160,352	268,679
111,789	111,789
-	37,162
202,889	3,518,242
105,380	105,380
60,561	357,849
-	560,172
-	576,546
-	214,600
<u>\$ 16,928,242</u>	<u>\$ 46,580,134</u>
\$ 514,314	\$ 1,360,879
161,525	553,835
69,552	243,774
105,380	105,380
-	662
576,546	576,546
<u>1,427,317</u>	<u>2,841,076</u>
1,354,937	7,659,151
873,591	5,085,465
<u>2,228,528</u>	<u>12,744,616</u>
-	560,172
60,561	357,849
-	128,555
-	166,248
-	432,657
1,672,022	1,672,022
461,678	461,678
2,447,742	10,188,655
4,175,225	6,677,065
99,700	99,700
830,477	830,477
692,814	692,814
2,644,249	2,823,096
85,480	85,480
34,378	34,378
26,620	52,957
-	37,340
-	719,782
-	644,204
149,877	149,877
211,693	213,448
-	4,325
(320,119)	3,961,663
<u>13,272,397</u>	<u>30,994,442</u>
<u>\$ 16,928,242</u>	<u>\$ 46,580,134</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, 2018

<b>Total Governmental Fund Balances</b>	<b>\$ 30,994,442</b>
 <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.	88,894,390
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	1,869,520
Property Taxes	326,145
Special Assessments	59,899
Intergovernmental	2,774,585
Accounts Receivable	23,267
Accrued Interest on Investments	32,049
 The net pension asset, net pension liability, net OPEB asset and net OPEB liability are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Asset	187,246
Net OPEB Asset	91,618
Deferred Outflows - Pension	4,523,222
Deferred Outflows - OPEB	1,013,312
Net Pension Liability	(16,927,426)
Net OPEB Liability	(10,718,853)
Deferred Inflows - Pension	(4,483,582)
Deferred Inflows - OPEB	(940,488)
 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	(40,792)
Various Purpose Bonds	(15,320,000)
Loans Payable	(136,055)
Leases Payable	(32,734)
Unamortized Premium	(182,344)
Compensated Absences Payable	(1,244,689)
 <b>Net Position of Governmental Activities</b>	 <b>\$ 80,762,732</b>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
<b>Revenues:</b>				
Sales Taxes	\$ 7,184,080	\$ -	\$ -	\$ -
Property Taxes	2,715,588	-	3,653,586	-
Intergovernmental	746,626	5,075,861	1,711,950	545,937
Investment Income	519,296	-	-	-
Licenses and Permits	283,891	-	-	-
Fines and Forfeitures	214,723	76,914	-	-
Special Assessments	-	-	-	-
Charges for Services	1,982,296	299,827	248,929	-
Miscellaneous	193,490	44,985	162,763	-
Total Revenues	<u>13,839,990</u>	<u>5,497,587</u>	<u>5,777,228</u>	<u>545,937</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	5,096,913	-	-	-
Judicial	2,362,059	-	-	-
Public Safety	5,667,973	-	-	-
Public Works	317,252	5,165,742	-	-
Health	139,672	-	-	-
Human Service	528,410	-	5,731,892	-
Economic Development and Assistance	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-
Capital Outlay	-	-	-	4,232,501
Debt service:				
Principal Retirement	68,027	-	-	-
Interest and Fiscal Charges	-	-	-	207,292
Bond and Note Issuance Costs	-	-	-	182,628
Total Expenditures	<u>14,180,306</u>	<u>5,165,742</u>	<u>5,731,892</u>	<u>4,622,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(340,316)	331,845	45,336	(4,076,484)
<b>Other Financing Sources (Uses):</b>				
Insurance Proceeds	-	-	-	156,939
Proceeds from Sale of Capital Assets	39,900	-	-	-
Proceeds from Inception of Capital Lease	-	-	-	-
Issuance of Bonds	-	-	-	9,580,000
Premium on Bonds and Notes	-	-	-	120,291
Transfers In	453,714	-	-	482,293
Transfers Out	(1,425,158)	-	-	-
Total Other Financing Sources (Uses)	<u>(931,544)</u>	<u>-</u>	<u>-</u>	<u>10,339,523</u>
Net Change in Fund Balances	(1,271,860)	331,845	45,336	6,263,039
Fund Balance, Beginning of Year	7,727,592	2,836,616	7,697,507	(5,830,382)
Increase (Decrease) in Inventory	-	(77,648)	-	-
Fund Balance, End of Year	<u>\$ 6,455,732</u>	<u>\$ 3,090,813</u>	<u>\$ 7,742,843</u>	<u>\$ 432,657</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 3,592,050	\$ 10,776,130
1,391,831	7,761,005
8,458,672	16,539,046
624	519,920
87,506	371,397
44,368	336,005
47,298	47,298
3,657,734	6,188,786
1,821,361	2,222,599
<u>19,101,444</u>	<u>44,762,186</u>
1,003,063	6,099,976
939,821	3,301,880
1,504,932	7,172,905
2,987,617	8,470,611
1,760,936	1,900,608
8,833,942	15,094,244
393,068	393,068
861,350	861,350
34,699	4,267,200
695,000	763,027
160,275	367,567
-	182,628
<u>19,174,703</u>	<u>48,875,064</u>
(73,259)	(4,112,878)
-	156,939
-	39,900
34,699	34,699
-	9,580,000
-	120,291
1,492,454	2,428,461
<u>(1,003,303)</u>	<u>(2,428,461)</u>
<u>523,850</u>	<u>9,931,829</u>
450,591	5,818,951
12,821,806	25,253,139
-	(77,648)
<u>\$ 13,272,397</u>	<u>\$ 30,994,442</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,818,951</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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.	
Capital Outlays	10,100,369
Depreciation	(5,113,618)
Loss on disposal of Capital Assets is not recorded in the Governmental funds but is recorded in the Statement of Activities	(56,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Sales Taxes	40,301
Property Taxes	(189,642)
Charges for Services	(3,959)
Intergovernmental Grants	(142,404)
Special Assessments	(2,976)
Interest Income	(8,323)
Fines and Forfeitures	1,100
Miscellaneous	(13,548)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	2,337,548
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.	(3,092,369)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the statement of activities.	(794,601)
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.	
Issuance of Bonds	(9,580,000)
Premium on Issuance of Debt	(90,191)
Issuance of Leases	(34,699)
Loan Principal Repayments	68,027
Bond and Note Principal Repayments	695,000
Lease Principal Repayments	1,965
Bond Premium Amortization	16,453
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(27,435)
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	(77,648)
Compensated Absences	(108,821)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (257,178)</b>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues:</b>				
Sales Taxes	\$ 10,196,286	\$ 10,196,286	\$ 10,732,440	\$ 536,154
Property Taxes	2,800,000	2,713,300	2,742,928	29,628
Intergovernmental	1,520,286	1,606,986	1,988,371	381,385
Investment Income	390,000	390,000	545,276	155,276
Licenses and Permits	538,235	538,235	283,891	(254,344)
Fines and Forfeitures	191,500	191,500	210,394	18,894
Charges for Services	1,552,950	1,552,950	1,629,452	76,502
Miscellaneous	267,029	267,029	267,554	525
Total Revenues	<u>17,456,286</u>	<u>17,456,286</u>	<u>18,400,306</u>	<u>944,020</u>
<b>Expenditures:</b>				
Current:				
General Government:				
Legislative and Executive	5,506,392	6,511,607	6,414,329	97,278
Judicial	1,893,944	2,687,058	2,674,781	12,277
Public Safety	5,831,452	6,037,872	6,033,940	3,932
Public Works	412,738	412,738	325,841	86,897
Health	151,957	166,133	164,865	1,268
Human Service	775,424	745,944	578,255	167,689
Total Expenditures	<u>14,571,907</u>	<u>16,561,352</u>	<u>16,192,011</u>	<u>369,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,884,379	894,934	2,208,295	1,313,361
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	-	-	39,900	39,900
Advances In	100,000	100,000	8,549	(91,451)
Advances Out	-	(76,968)	(76,968)	-
Transfers In	343,714	343,714	408,714	65,000
Transfers Out	(4,404,699)	(5,080,368)	(5,002,644)	77,724
Total Other Financing Sources (Uses)	<u>(3,960,985)</u>	<u>(4,713,622)</u>	<u>(4,622,449)</u>	<u>91,173</u>
Net Change in Fund Balances	(1,076,606)	(3,818,688)	(2,414,154)	1,404,534
Fund Balance, Beginning of Year	4,776,471	4,776,471	4,776,471	-
Prior Year Encumbrances Appropriated	813,632	813,632	813,632	-
Fund Balance, End of Year	<u>\$ 4,513,497</u>	<u>\$ 1,771,415</u>	<u>\$ 3,175,949</u>	<u>\$ 1,404,534</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
AUTO AND GAS FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Intergovernmental	\$ 4,116,782	\$ 4,116,782	\$ 4,105,226	\$ (11,556)
Fines and Forfeitures	56,537	56,537	74,655	18,118
Charges for Services	201,508	201,508	359,023	157,515
Miscellaneous	2,000	2,000	44,985	42,985
Total Revenues	<u>4,376,827</u>	<u>4,376,827</u>	<u>4,583,889</u>	<u>207,062</u>
<b>Expenditures:</b>				
Current:				
Public Works	5,677,767	5,677,767	4,563,450	1,114,317
Total Expenditures	<u>5,677,767</u>	<u>5,677,767</u>	<u>4,563,450</u>	<u>1,114,317</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,300,940)	(1,300,940)	20,439	1,321,379
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,000	1,000	-	(1,000)
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net Change in Fund Balances	(1,299,940)	(1,299,940)	20,439	1,320,379
Fund Balance, Beginning of Year	1,686,668	1,686,668	1,686,668	-
Prior Year Encumbrances Appropriated	367,814	367,814	367,814	-
Fund Balance, End of Year	<u>\$ 754,542</u>	<u>\$ 754,542</u>	<u>\$ 2,074,921</u>	<u>\$ 1,320,379</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, 2018

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property Taxes	\$ 3,606,623	\$ 3,606,623	\$ 3,685,869	\$ 79,246
Intergovernmental	1,650,042	1,650,042	1,747,894	97,852
Charges for Services	347,600	347,600	248,509	(99,091)
Miscellaneous	254,868	254,868	226,383	(28,485)
Total Revenues	<u>5,859,133</u>	<u>5,859,133</u>	<u>5,908,655</u>	<u>49,522</u>
<b>Expenditures:</b>				
Current:				
Human Service	6,270,710	5,953,710	5,300,604	653,106
Total Expenditures	<u>6,270,710</u>	<u>5,953,710</u>	<u>5,300,604</u>	<u>653,106</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(411,577)	(94,577)	608,051	702,628
Other Financing Sources (Uses):				
Transfers Out	(644,000)	(961,000)	(961,000)	-
Total Other Financing Sources (Uses)	<u>(644,000)</u>	<u>(961,000)</u>	<u>(961,000)</u>	<u>-</u>
Net Change in Fund Balances	(1,055,577)	(1,055,577)	(352,949)	702,628
Fund Balance, Beginning of Year	7,269,471	7,269,471	7,269,471	-
Prior Year Encumbrances Appropriated	376,632	376,632	376,632	-
Fund Balance, End of Year	<u>\$ 6,590,526</u>	<u>\$ 6,590,526</u>	<u>\$ 7,293,154</u>	<u>\$ 702,628</u>

**LOGAN COUNTY**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 AS OF DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<b>Assets</b>			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 7,993,287	\$ 6,283,569	\$ 14,276,856
Cash and Cash Equivalents With Fiscal Agents	17,876	129,444	147,320
Receivables:			
Accounts	581,269	306,146	887,415
Special Assessments	807,740	-	807,740
Intergovernmental	-	217,222	217,222
Prepaid Items	10,454	45,566	56,020
Materials and Supplies Inventory	-	23,844	23,844
Total Current Assets	<u>9,410,626</u>	<u>7,005,791</u>	<u>16,416,417</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	209,800	-	209,800
Depreciable Capital assets, Net	24,934,997	12,202,790	37,137,787
Total Noncurrent Assets	<u>25,144,797</u>	<u>12,202,790</u>	<u>37,347,587</u>
Total Assets	<u>34,555,423</u>	<u>19,208,581</u>	<u>53,764,004</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	971,318	146,263	1,117,581
Pension	184,863	1,031,064	1,215,927
OPEB	32,804	205,264	238,068
Total Deferred Inflows of Resources	<u>1,188,985</u>	<u>1,382,591</u>	<u>2,571,576</u>
<b>Liabilities</b>			
Current Liabilities			
Accounts Payable	300,069	161,230	461,299
Accrued Wages	31,215	148,781	179,996
Due to Other Governments	13,629	83,453	97,082
Accrued Interest Payable	103,076	34,132	137,208
Compensated Absences Payable	28,487	99,480	127,967
Capital Lease Payable	5,873	-	5,873
Revenue Bonds Payable	638,219	410,000	1,048,219
Total Current Liabilities	<u>1,120,568</u>	<u>937,076</u>	<u>2,057,644</u>
Long-Term Liabilities:			
Compensated Absences Payable	34,406	83,809	118,215
Capital Lease Payable	19,577	-	19,577
Revenue Bonds Payable	13,560,062	10,660,000	24,220,062
Unamortized Bond Premium	1,085,513	282,817	1,368,330
Net Pension Liability	644,309	4,148,708	4,793,017
Net OPEB Liability	445,773	2,780,948	3,226,721
Total Long-Term Liabilities	<u>15,789,640</u>	<u>17,956,282</u>	<u>33,745,922</u>
Total Liabilities	<u>16,910,208</u>	<u>18,893,358</u>	<u>35,803,566</u>
<b>Deferred Inflows of Resources</b>			
Pension	222,616	1,020,495	1,243,111
OPEB	55,415	232,787	288,202
Total Deferred Inflows of Resources	<u>278,031</u>	<u>1,253,282</u>	<u>1,531,313</u>
<b>Net Position</b>			
Net Investment in Capital Assets	10,780,769	996,236	11,777,005
Unrestricted	7,775,400	(551,704)	7,223,696
Total Net Position	<u>\$ 18,556,169</u>	<u>\$ 444,532</u>	<u>\$ 19,000,701</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, 2018

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<b>Operating Revenues</b>			
Charges for Services	\$ 2,563,103	\$ 7,156,615	\$ 9,719,718
Special Assessments	2,016,148	-	2,016,148
Intergovernmental	-	2,140,082	2,140,082
Miscellaneous	78,691	8,534	87,225
Total Operating Revenues	<u>4,657,942</u>	<u>9,305,231</u>	<u>13,963,173</u>
<b>Operating Expenses</b>			
Personal Services	1,065,539	5,534,317	6,599,856
Contractual Services	1,381,224	2,361,331	3,742,555
Materials and Supplies	514,278	652,490	1,166,768
Miscellaneous	22,950	236,459	259,409
Depreciation	1,171,452	398,061	1,569,513
Total Operating Expenses	<u>4,155,443</u>	<u>9,182,658</u>	<u>13,338,101</u>
Operating Income	<u>502,499</u>	<u>122,573</u>	<u>625,072</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	10,325	-	10,325
Interest and Fiscal Charges	(483,287)	(416,238)	(899,525)
Total Non-Operating Revenues (Expenses)	<u>(472,962)</u>	<u>(416,238)</u>	<u>(889,200)</u>
Change in Net Position	29,537	(293,665)	(264,128)
Net Position, Beginning of Year, Restated	18,526,632	738,197	19,264,829
Net Position, End of Year	<u>\$ 18,556,169</u>	<u>\$ 444,532</u>	<u>\$ 19,000,701</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash received from Services	\$ 4,582,460	\$ 7,163,680	\$ 11,746,140
Cash Received from Other Governments	-	2,124,809	2,124,809
Cash Received from Other Operating Sources	76,897	8,534	85,431
Cash Payments to Employees for Services	(1,023,231)	(4,861,714)	(5,884,945)
Cash Payments to Suppliers for Goods and Services	(1,818,507)	(3,052,885)	(4,871,392)
Cash Payments for Other Services	(22,909)	(236,960)	(259,869)
Net Cash Flows from Operating Activities	<u>1,794,710</u>	<u>1,145,464</u>	<u>2,940,174</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Capital Acquisitions	(225,313)	(25,660)	(250,973)
Principal Payments	(659,013)	(395,000)	(1,054,013)
Interest and Fiscal Charges Paid	(511,004)	(425,388)	(936,392)
Net Cash Flows from Capital and Related Financing	<u>(1,395,330)</u>	<u>(846,048)</u>	<u>(2,241,378)</u>
<b>Cash Flows from Investing Activities</b>			
Interest Income	10,325	-	10,325
Net Cash Flows from Investing Activities	<u>10,325</u>	<u>-</u>	<u>10,325</u>
Net Increase in Cash and Cash Equivalents	409,705	299,416	709,121
Cash and Cash Equivalents at Beginning of Year	7,601,458	6,113,597	13,715,055
Cash and Cash Equivalents at End of Year	<u>\$ 8,011,163</u>	<u>\$ 6,413,013</u>	<u>\$ 14,424,176</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</b>			
Operating Income	\$ 502,499	\$ 122,573	\$ 625,072
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	1,171,452	398,061	1,569,513
Loss on Disposal of Capital Assets	3,043	-	3,043
(Increase)/Decrease in Assets:			
Accounts Receivable	(72,804)	7,065	(65,739)
Special Assessments Receivable	74,219	-	74,219
Due from Other Governments	-	(15,273)	(15,273)
Materials and Supplies Inventory	-	(23,844)	(23,844)
Prepaid Items	6,771	5,461	12,232
Increase in Deferred Outflows of Resources - Pension	224,375	1,442,552	1,666,927
Increase in Deferred Outflows of Resources - OPEB	(27,138)	(170,348)	(197,486)
Increase/(Decrease) in Liabilities:			
Accounts Payable	68,767	(15,921)	52,846
Accrued Wages	5,045	(1,175)	3,870
Compensated Absences Payable	4,814	(16,196)	(11,382)
Due to Other Governments	(1,628)	(1,065)	(2,693)
Net Pension Liability	(368,708)	(1,960,733)	(2,329,441)
Net OPEB Liability	(1,672)	157,385	155,713
Increase in Deferred Inflows of Resources - Pension	150,260	984,135	1,134,395
Increase in Deferred Inflows of Resources - OPEB	55,415	232,787	288,202
Total Adjustments	1,292,211	1,022,891	2,315,102
Net Cash Flows from Operating Activities	\$ 1,794,710	\$ 1,145,464	\$ 2,940,174

**Schedule of Noncash Capital and Relating Financing Activities:**

During calendar year 2018, the County acquired a copier for \$29,366 through a capital lease agreement. At December 31, 2018, the County had capital-related payables totaling \$30,533.

**LOGAN COUNTY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2018

	<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 84,527	\$ 3,689,426
Cash and Cash Equivalents with Fiscal Agents	-	618,619
Receivables:		
Taxes	-	47,340,309
Special Assessments	-	722,980
Intergovernmental	-	2,368,747
Prepaid items	-	91,100
Total Assets	<u>84,527</u>	<u>54,831,181</u>
<b>Liabilities</b>		
Accounts Payable	-	48,507
Due To Other Governments	-	50,409,818
Undistributed Monies	-	4,334,037
Accrued Wages	-	38,819
Total Liabilities	<u>-</u>	<u>54,831,181</u>
<b>Net Position</b>		
Held in Trust for Veterans:		
Non-Expendable	70,787	-
Expendable	13,740	-
Total Net Position	<u>\$ 84,527</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

**LOGAN COUNTY**

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Private Purpose Trust Fund</u>
<b>Additions</b>	
Investment Income	\$ 1,345
Total Additions	<u>1,345</u>
<b>Deductions</b>	
Other Operating Expense	<u>50</u>
Total Deductions	<u>50</u>
Change in Net Position	1,295
Net Position at Beginning of Year	<u>83,232</u>
Net Position at End of Year	<u><u>\$ 84,527</u></u>

See accompanying notes to the basic financial statements

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**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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 THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**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.

***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.



**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, Developmental Disabilities Fund, and Capital Improvements Fund are the County's major governmental funds:

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*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.

*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.

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used of the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, interest, grants, and rentals.

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, 2018, but which were levied to finance year 2019 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.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(e) Budget**

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the County Auditor by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2018.

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 fund balance.

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2018 totaled \$519,296.

During 2018, investments were limited to federal agency securities, negotiable certificates of deposit, and a money market fund. Money market funds are reported at the net asset value (NAV) per share. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value (See Note 4). 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.

**(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.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 acquisition 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.

**(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, pension, and other postemployment benefits (OPEB). 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 and OPEB are explained in Notes 13 and 14.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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, other postemployment benefits (OPEB), and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 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 and OPEB are explained in Notes 13 and 14.

**(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).

**(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.



**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 Statement 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 THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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. The County did not have any capital contributions in 2018.

**(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 on the financial statements.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(s) Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB asset, net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB 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/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**(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 THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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	\$ (2,414,154)	\$ 20,439	\$ (352,949)
Revenue Accruals	(4,965,505)	913,698	(131,427)
Expenditure Accruals	1,014,867	(804,058)	(899,685)
Other Sources/Uses	3,645,905	-	961,000
Encumbrances	1,327,116	201,766	468,397
Unclaimed Funds Activities	503	-	-
Recorder Equipment	3,857	-	-
Certificate of Title	(34,449)	-	-
Long Term Environment	150,000	-	-
GAAP Basis	\$ (1,271,860)	\$ 331,845	\$ 45,336

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

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

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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 \$43,468,648 and the bank balance was \$43,893,885. Of the County's bank balance, \$26,699,385 was covered by the Federal Deposit Insurance Corporation and the remaining amount was collateralized.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned. Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the FDIC, or may pledge a single pool of collateral for the benefit of every depositor via the Ohio Pooled Collateral Program administered by the Treasurer of State. Specific collateral must equal or exceed 105% of the carrying value of assets, whereas pooled collateral must equal or exceed 102% or lesser amount as determined by the Treasurer of State. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**(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	Value	Investment Maturities		
		Less than one year	1 to 2 years	Greater than 2 years
Federal Farm Credit Bank	\$ 1,244,778	\$ 997,340	\$ -	\$ 247,438
Brokered Certificate of Deposit	2,695,452	1,971,450	487,657	236,345
Federal National Mortgage Association	15,900	-	-	15,900
Government National Mortgage Association	2,382	-	-	2,382
Money Market	1,264,544	1,264,544	-	-
<b>Total</b>	<b>\$ 5,223,056</b>	<b>\$ 4,233,334</b>	<b>\$ 487,657</b>	<b>\$ 502,065</b>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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	Value	Standard and Poor's Ratings			
		AAA	AA+	AA-	Not Rated
Federal Farm Credit Bank	\$ 1,244,778	\$ 1,244,778	\$ -	\$ -	\$ -
Brokered Certificate of Deposit	2,695,452	-	-	-	2,695,452
Federal National Mortgage Association	15,900	15,900	-	-	-
Government National Mortgage Association	2,382	2,382	-	-	-
Money Market	1,264,544	-	-	-	1,264,544
Total	<u>\$ 5,223,056</u>	<u>\$ 1,263,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,959,996</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, 2018:

Investment Type	Value	% of Total
Federal Farm Credit Bank	\$ 1,244,778	23.83%
Brokered Certificate of Deposit	2,695,452	51.61%
Federal National Mortgage Association	15,900	0.30%
Government National Mortgage Association	2,382	0.05%
Money Market	1,264,544	24.21%
Total	<u>\$ 5,223,056</u>	<u>100%</u>

The County measures their investment in the money market fund at the net asset value (NAV) per share provided by the investment manager. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the County’s investments reported at fair value are valued using quoted market prices (Level 1 inputs).

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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, 2018:

<u>Cash and Investments Per Note</u>	
Carrying Amount of Deposits	\$ 43,468,648
Investments	5,223,056
Cash on Hand	8,000
Total	<u>\$ 48,699,704</u>

<u>Cash and Investments Per Statements of Net Position</u>	
Governmental and Business-Type Activities	\$ 44,307,132
Private-Purpose Trust Funds	84,527
Agency Funds	4,308,045
Total	<u>\$ 48,699,704</u>

**(e) Deficit Fund Balances**

The following governmental funds had deficit fund balances at December 31, 2018 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>
JDC Grant Fund	\$ (26,968)
Capital Facilities Fund	(50,000)
Safety Capital Grant Fund	(225,473)
Pros-Byrne Grant Fund	(17,678)



**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**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>
<b><u>Governmental Funds:</u></b>		
General Fund	\$ 453,714	\$ 1,425,158
Capital Improvements Fund	482,293	-
Other Governmental Funds	1,492,454	1,003,303
Total Governmental Funds	<u>\$ 2,428,461</u>	<u>\$ 2,428,461</u>

The transfers from the General Fund to the Capital Improvements Fund and Other Governmental Funds represent recurring subsidies for program (\$212,365), debt service expenditures (\$679,537), and capital expenditures (\$533,256). The transfers from Other Governmental Funds to the General Fund and Other Governmental Funds represent environmental remediation reserve (\$150,000), debt service expenditures (\$400,000) and Medicaid sales taxes (\$453,303).

**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	\$ 508,127	\$ 76,968	\$ (8,549)	\$ 576,546
Job and Family Services	(8,549)	-	8,549	-
CDBG FY 2003 Fund	-	(26,968)	-	(26,968)
Cultural Facilities Fund	-	(50,000)	-	(50,000)
Safety Capital Grant	(499,578)	-	-	(499,578)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These loans relate to grant programs. The County expects all outstanding loan amounts to be repaid within one year.

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**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 7 – RECEIVABLES**

Receivables at December 31, 2018, 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 2017, which was used to collect property taxes in calendar year 2018, was \$1,236,512,530. The full tax rate for all County operations applied to real property for the year ended December 31, 2018, 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.

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 2018 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 2019 are shown as 2018 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 THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 7 – RECEIVABLES (Continued)**

A detailed breakdown of intergovernmental receivables is as follows:

	Amounts
Governmental Activities:	
Local Government and Revenue Assistance	\$ 258,541
Excess IRP Compensation	53,724
Gasoline and Excise Tax	1,177,833
Auto Registration Fees	1,015,303
Homestead and Rollback	414,284
Casino Revenue Tax	267,106
Indigent Counsel Fees	34,920
Job and Family Services Public Assistance	19,519
Board of DD Grant	47,242
Childrens Services Grant	182,448
Traffic Grant	3,784
Bellefontaine Municipal Court	10,466
Common Pleas Court	317
Family Court	17,703
Sheriff Grant	15,052
Total Governmental Activities	\$ 3,518,242
Business-Type Activities	
Logan Acres-State Aid	\$ 217,222

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 8 – CAPITAL ASSETS**

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

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Nondepreciable Capital Assets</b>					
Land	\$ 3,988,984	\$ -	\$ (9,000)	\$ -	\$ 3,979,984
Construction in Progress	62,688	-	-	(62,688)	-
<b>Total Nondepreciable Assets</b>	<b>4,051,672</b>	<b>-</b>	<b>(9,000)</b>	<b>(62,688)</b>	<b>3,979,984</b>
<b>Depreciable Capital Assets</b>					
Land Improvements	754,561	-	-	-	754,561
Building and Improvements	33,144,092	4,757,488	(61,236)	62,688	37,903,032
Machinery and Equipment	16,884,988	1,254,033	-	25,888	18,164,909
Vehicles	4,162,542	392,941	(130,470)	(25,888)	4,399,125
Infrastructure- Roads and Bridges	90,532,665	3,695,907	-	-	94,228,572
<b>Total Depreciable Assets</b>	<b>145,478,848</b>	<b>10,100,369</b>	<b>(191,706)</b>	<b>62,688</b>	<b>155,450,199</b>
<b>Less accumulated depreciation</b>					
Land Improvements	(540,154)	(27,931)	-	-	(568,085)
Building and Improvements	(9,732,312)	(896,445)	20,942	-	(10,607,815)
Machinery and Equipment	(13,158,013)	(935,146)	-	-	(14,093,159)
Vehicles	(3,212,883)	(199,404)	123,106	-	(3,289,181)
Infrastructure- Roads and Bridges	(38,922,861)	(3,054,692)	-	-	(41,977,553)
<b>Total accumulated depreciation</b>	<b>(65,566,223)</b>	<b>(5,113,618)</b>	<b>144,048</b>	<b>-</b>	<b>(70,535,793)</b>
<b>Depreciable Capital Assets, Net of accumulated depreciation</b>	<b>79,912,625</b>	<b>4,986,751</b>	<b>(47,658)</b>	<b>62,688</b>	<b>84,914,406</b>
<b>Total Capital Assets, Net</b>	<b>\$ 83,964,297</b>	<b>\$ 4,986,751</b>	<b>\$ (56,658)</b>	<b>\$ -</b>	<b>\$ 88,894,390</b>

Depreciation expense was charged to the governmental functions as follows:

<b>General Government</b>	
Legislative	\$ 1,167,164
Judicial	16,221
Conservation and Recreation	4,116
Public Works	3,351,556
Public Safety	329,607
Human Services	132,758
Health	112,196
<b>Total depreciation expense</b>	<b>\$ 5,113,618</b>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 8 – 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
Total Nondepreciable Assets	<u>209,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>209,800</u>
Depreciable Capital Assets					
Land Improvements	336,647	-	-	-	336,647
Building and Improvements	17,458,550	-	-	-	17,458,550
Machinery and Equipment	4,950,860	223,252	-	-	5,174,112
Vehicles	1,199,035	61,960	(43,035)	-	1,217,960
Infrastructure	21,300,550	-	-	-	21,300,550
Total Depreciable Assets	<u>45,245,642</u>	<u>285,212</u>	<u>(43,035)</u>	<u>-</u>	<u>45,487,819</u>
Less accumulated depreciation					
Land Improvements	(218,417)	(3,746)	-	-	(222,163)
Building and Improvements	(5,104,698)	(344,998)	-	-	(5,449,696)
Machinery and Equipment	(3,781,846)	(176,747)	-	-	(3,958,593)
Vehicles	(591,962)	(118,028)	39,992	-	(669,998)
Infrastructure	(9,724,439)	(527,933)	-	-	(10,252,372)
Total accumulated depreciation	<u>(19,421,362)</u>	<u>(1,171,452)</u>	<u>39,992</u>	<u>-</u>	<u>(20,552,822)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>25,824,280</u>	<u>(886,240)</u>	<u>(3,043)</u>	<u>-</u>	<u>24,934,997</u>
Total Capital Assets, Net	<u>\$ 26,034,080</u>	<u>\$ (886,240)</u>	<u>\$ (3,043)</u>	<u>\$ -</u>	<u>\$ 25,144,797</u>
Logan Acres County Home:	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Depreciable Capital Assets					
Land Improvements	\$ 15,853	\$ -	\$ -	\$ -	\$ 15,853
Building and Improvements	16,900,823	-	-	-	16,900,823
Machinery and Equipment	732,527	25,660	-	-	758,187
Vehicles	95,186	-	-	-	95,186
Infrastructure	9,052	-	-	-	9,052
Total Depreciable Assets	<u>17,753,441</u>	<u>25,660</u>	<u>-</u>	<u>-</u>	<u>17,779,101</u>
Less accumulated depreciation					
Land Improvements	(3,300)	(960)	-	-	(4,260)
Building and Improvements	(4,434,910)	(380,141)	-	-	(4,815,051)
Machinery and Equipment	(660,402)	(13,023)	-	-	(673,425)
Vehicles	(75,338)	(3,507)	-	-	(78,845)
Infrastructure	(4,300)	(430)	-	-	(4,730)
Total accumulated depreciation	<u>(5,178,250)</u>	<u>(398,061)</u>	<u>-</u>	<u>-</u>	<u>(5,576,311)</u>
Total Capital Assets, Net	<u>\$ 12,575,191</u>	<u>\$ (372,401)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,202,790</u>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 9 – LONG TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended December 31, 2018:

<i>Governmental Activities</i>	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%	6,435,000	\$ -	\$ (695,000)	\$ 5,740,000	\$ 705,000
Series 2012 A/B - Premium	108,606	-	(16,202)	92,404	-
2016 911 System Loan	204,082	-	(68,027)	136,055	68,027
General Obligation Capital Facilities Bonds					
Series 2018 Issued 11/14/18, 4.00%	-	9,580,000	-	9,580,000	170,000
Series 2018 - Premium	-	90,191	(251)	89,940	-
Net Pension Liability					
OPERS	23,933,185	-	(8,259,400)	15,673,785	-
STRS	1,363,511	-	(109,870)	1,253,641	-
Net OPEB Liability					
OPERS	9,653,703	1,065,150	-	10,718,853	-
STRS	223,947	-	(223,947)	-	-
Compensated Absences	1,155,222	1,236,609	(1,146,480)	1,245,351	431,123
Capital Leases	-	34,699	(1,965)	32,734	7,856
Total Governmental Activities	<u>\$ 43,077,256</u>	<u>\$ 12,006,649</u>	<u>\$ (10,521,142)</u>	<u>\$ 44,562,763</u>	<u>\$ 1,382,006</u>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 9 – LONG TERM LIABILITIES (Continued)**

<i>Business-Type Activities</i>	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer System Improvement Revenue Bonds, Series 2007A/B Issued 03/30/07, 4.125%	2,134,300	-	(37,300)	2,097,000	38,800
Sewer System Improvement Bonds Series 2008, Issued 12/17/08 3% to 5%	325,000	-	(325,000)	-	-
Series 2012 A/B - Various Purpose Bonds Issued 11/8/12. 0.65% to 3%	300,000	-	(60,000)	240,000	60,000
Series 2012 A/B - Premium	5,908	-	(1,477)	4,431	-
Sewer System Improvement Bonds Series 2015, Issued 4/16/15, 2.125%	3,774,078	-	(72,797)	3,701,281	74,419
2016 Refunding Bonds 2-4% Issued 5/3/16, Matures 12/1/33	8,320,000	-	(160,000)	8,160,000	465,000
2016 Refunding Bonds Premium	1,153,557	-	(72,475)	1,081,082	-
2014 Refunding Bonds, 3-5% Issued 9/30/14, Matures 12/1/39	11,465,000	-	(395,000)	11,070,000	410,000
2014 Refunding Bonds Premium	298,095	-	(15,278)	282,817	-
Net Pension Liability-OPERS	7,122,458	-	(2,329,441)	4,793,017	-
Net Pension Liability-OPEB	3,071,008	155,713	-	3,226,721	-
Compensated Absences Payable	257,564	345,797	(357,179)	246,182	127,967
Capital Leases	-	29,366	(3,916)	25,450	5,873
Total Business-Type Activities	<u>\$ 38,226,968</u>	<u>\$ 530,876</u>	<u>\$ (3,829,863)</u>	<u>\$ 34,927,981</u>	<u>\$ 1,182,059</u>

Compensated absences will be paid with available resources with the appropriate fund that relates to each particular employee. The funds include both governmental and business-type funds.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from both governmental and business-type funds. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

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

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

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 9 – LONG TERM LIABILITIES (Continued)**

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.

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.

In April 2016, the County entered into an interest free loan with the State of Ohio in the amount of \$272,109 for the purpose of upgrading the 911 system in Logan County as well as the City of Sidney, City of Bellefontaine and Shelby County. The loan carries an interest rate of 0% and matures in the year 2020.

In May 2016, the County issued \$8,670,000 of Sewer System refunding bonds to completely current refund 2007 Sewer System Improvement Bonds (\$1,590,000) and to partially advance refund 2008 Sewer System Improvement Bonds (\$7,210,000). The proceeds of \$9,950,388, including a premium in the amount of \$1,280,388, provided for a deposit into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 and 2008 bonds refunded. The refunding bonds carry interest rates ranging from 2.0 to 4.0 percent and mature on December 1, 2033.

In November 2018, the County issued \$9,580,000 Capital Facilities Bonds, Series 2018, for the purpose of refunding the County's Capital Facilities Notes 2017B and Capital Facilities Notes 2018A. The bonds carry an interest rate of 4.00% and mature on December 1, 2048.

The 2007 and 2008 bonds refunded are considered to be defeased and the liability for those bonds was removed from the bonds payable balance. The 2016 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,150,388. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through December 1, 2033 using the straight-line method. The County completed the advance refunding to reduce its total bond payments through December 1, 2033 by \$1,439,500 and to obtain an economic gain (difference between the present values of the old and new bond payments) of approximately \$1.0 million.



**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 9 – LONG TERM LIABILITIES (Continued)**

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

The code further provides that the total voted and unvoted net debt of the County less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000, of the assessed valuation, plus one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000.

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

	Sewer System Improvement Bonds, Series 2007 A/B			2014 Refunding Bonds		
	Principal	Interest	Totals	Principal	Interest	Totals
2019	\$ 38,800	\$ 86,501	\$ 125,301	\$ 410,000	\$ 409,587	\$ 819,587
2020	40,400	84,751	125,151	420,000	401,388	821,388
2021	42,000	83,234	125,234	440,000	384,588	824,588
2022	43,800	81,502	125,302	450,000	366,987	816,987
2023	45,600	79,695	125,295	475,000	344,487	819,487
2024-2028	257,800	368,661	626,461	2,700,000	1,400,631	4,100,631
2029-2033	315,600	310,915	626,515	3,200,000	901,944	4,101,944
2034-2038	386,600	240,204	626,804	2,695,000	311,350	3,006,350
2039-2043	472,900	153,633	626,533	280,000	10,850	290,850
2044-2048	453,500	47,713	501,213	-	-	-
<b>Total</b>	<b>\$ 2,097,000</b>	<b>\$ 1,536,809</b>	<b>\$ 3,633,809</b>	<b>\$ 11,070,000</b>	<b>\$ 4,531,812</b>	<b>\$ 15,601,812</b>

	911 System Loan			Various Purpose Refunding Bonds, Series 2012 A/B		
	Principal	Interest	Totals	Principal	Interest	Totals
2019	\$ 68,027	\$ -	\$ 68,027	\$ 765,000	\$ 151,924	\$ 916,924
2020	68,028	-	68,028	780,000	136,624	916,624
2021	-	-	-	800,000	119,074	919,074
2022	-	-	-	815,000	99,075	914,075
2023	-	-	-	300,000	78,699	378,699
2024-2028	-	-	-	1,520,000	272,711	1,792,711
2029-2033	-	-	-	1,000,000	76,200	1,076,200
<b>Total</b>	<b>\$ 136,055</b>	<b>\$ -</b>	<b>\$ 136,055</b>	<b>\$ 5,980,000</b>	<b>\$ 934,307</b>	<b>\$ 6,914,307</b>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 9 – LONG TERM LIABILITIES (Continued)**

	Sewer System Improvement Bonds, Series 2015			2016 Refunding Bonds		
	Principal	Interest	Totals	Principal	Interest	Totals
2019	\$ 74,419	\$ 78,258	\$ 152,677	\$ 465,000	\$ 316,950	\$ 781,950
2020	76,082	76,879	152,961	480,000	303,000	783,000
2021	77,789	75,042	152,831	505,000	288,600	793,600
2022	79,538	73,380	152,918	515,000	268,400	783,400
2023	81,330	71,682	153,012	540,000	247,800	787,800
2023-2028	435,772	331,897	767,669	2,880,000	897,400	3,777,400
2029-2033	488,262	282,892	771,154	2,775,000	341,800	3,116,800
2034-2038	480,790	230,331	711,121	-	-	-
2039-2043	506,322	179,017	685,339	-	-	-
2044-2048	565,926	122,487	688,413	-	-	-
2049-2053	632,134	59,120	691,254	-	-	-
2054-2055	202,917	4,323	207,240	-	-	-
<b>Total</b>	<b>\$ 3,701,281</b>	<b>\$ 1,585,308</b>	<b>\$ 5,286,589</b>	<b>\$ 8,160,000</b>	<b>\$ 2,663,950</b>	<b>\$ 10,823,950</b>

	Capital Facilities Bonds, Series 2018		
	Principal	Interest	Totals
2019	\$ 170,000	\$ 378,073	\$ 548,073
2020	180,000	374,450	554,450
2021	185,000	367,250	552,250
2022	195,000	359,850	554,850
2023	200,000	354,000	554,000
2024-2028	1,130,000	1,643,200	2,773,200
2029-2033	1,375,000	1,398,000	2,773,000
2034-2038	1,660,000	1,101,600	2,761,600
2039-2043	2,025,000	741,000	2,766,000
2044-2048	2,460,000	302,600	2,762,600
<b>Total</b>	<b>\$ 9,580,000</b>	<b>\$ 7,020,023</b>	<b>\$ 16,600,023</b>

**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 \$3,633,809. Principal and interest paid for the current year and total customer net revenues in 2018 were \$125,340 and \$502,499, respectively.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 10 – 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, 2018 vested vacation, compensatory, and sick leave benefits for governmental activity and business-type activity employees totaled \$1,245,351 and \$246,182, respectively.

**NOTE 11 – SHORT TERM LIABILITIES**

During 2016, 2017, and 2018, the County entered into 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 12/19/2017. 2.00%	6,000,000	-	(6,000,000)	-
Bond Anticipation Note Issued 4/19/2017. 2.00%	3,500,000	-	(3,500,000)	-
Bond Anticipation Note Issued 4/18/2018 3.00%	-	3,500,000	(3,500,000)	-
	<u>\$ 9,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ (13,000,000)</u>	<u>\$ -</u>

**NOTE 12 – CAPITAL LEASES – LESSEE DISCLOSURE**

During 2018, the County entered into a capitalized lease for the purchase of copiers, which were accounted for in the Job and Family Services nonmajor governmental fund. The lease will be repaid in full in 2023. The lease is paid from the County’s Job and Family Services nonmajor governmental fund.

A capital asset for the copiers has been capitalized in the amount of \$34,699. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2018 was \$6,940, leaving a current book value of \$27,759. A corresponding liability was recorded in the government-wide financial statement.

During 2018, the County entered into a capitalized lease for the purchase of copiers, which was accounted for in the Indian Lake Water Pollution Control Fund. The lease will be repaid in full in 2023. The lease is paid from the County’s Indian Lake Water Pollution Control Fund.

A capital asset for the copiers has been capitalized in the amount of \$29,366. This amount represents the present value of minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2018 was \$5,873, leaving a current book value of \$23,493. A corresponding liability was recorded in the business-type financial statement.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 12 – CAPITAL LEASES – LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2018:

Year	Governmental Activities	Business-Type Activities
2019	\$ 7,856	\$ 5,873
2020	7,856	5,873
2021	7,856	5,873
2022	7,856	5,873
2023	1,310	1,958
Present Value of Minimum Lease Payments	<u>\$ 32,734</u>	<u>\$ 25,450</u>

**NOTE 13 – DEFINED BENEFIT PENSION PLANS**

***Net Pension (Asset)/Liability***

The net pension (asset)/liability reported on the statement of net position represents a (asset)/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 (asset)/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 (asset)/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 (asset)/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 (asset)/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 (assets)/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 (asset)/liability. Resulting adjustments to the net pension (asset)/liability would be effective when the changes are legally enforceable.

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension (asset)/liability* on the accrual basis of accounting. Any (asset)/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 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.

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):

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

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

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

	State and Local	Law Enforcement
<b>2018 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %
 <b>2018 Actual Contribution Rates</b>		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0
 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 \$2,880,340 for 2018. Of this amount, \$239,128 is reported as a due to other governments.

***Plan Description – State Teachers Retirement System (STRS)***

County 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](http://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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero.

Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service and at least age 60.

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 13 – 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. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$100,518 for fiscal year 2018. Of this amount, \$0 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, 2017, and the total pension (asset)/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, 2018 and was determined by rolling forward the total pension liability as of July 1, 2017, to June 30, 2018. 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 THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportionate Share of the Net Pension (Asset)/Liability	\$ 20,466,802	\$ (187,246)	\$ 1,253,641	\$ 21,533,197
2017 Proportion of the Net Pension Liability/(Asset)	0.130461%	0.137547%	0.00570154%	
2016 Proportion of the Net Pension Liability/(Asset)	0.136759%	0.120570%	0.00573984%	
2017 Change in Proportionate Share	<u>-0.006298%</u>	<u>0.016977%</u>	<u>-0.000038%</u>	
Pension Expense	\$ 4,081,879	\$ 11,893	\$ 63,529	\$ 4,157,301

At December 31, 2018, 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	STRS	Total
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$ 20,902	\$ -	\$ 28,937	\$ 49,839
Changes in proportionate share	54,157	3,581	16,518	74,256
Changes in assumptions	2,445,923	16,363	222,169	2,684,455
County contributions subsequent to the measurement date	2,789,280	91,060	50,259	2,930,599
Total Deferred Outflows of Resources	<u>\$ 5,310,262</u>	<u>\$ 111,004</u>	<u>\$ 317,883</u>	<u>\$ 5,739,149</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$ 403,335	\$ 55,781	\$ 8,187	\$ 467,303
Net difference between projected and actual earnings on pension plan investments	4,393,947	29,542	76,021	4,499,510
Changes in proportionate share	705,034	8,446	46,400	759,880
Total Deferred Inflows of Resources	<u>\$ 5,502,316</u>	<u>\$ 93,769</u>	<u>\$ 130,608</u>	<u>\$ 5,726,693</u>

\$2,930,599 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
2019	1,504,011	(9,851)	98,766	1,592,926
2020	(744,954)	(10,661)	63,537	(692,078)
2021	(1,934,862)	(17,277)	(7,595)	(1,959,734)
2022	(1,805,529)	(16,581)	(17,692)	(1,839,802)
2023	-	(6,207)	-	(6,207)
Thereafter	-	(13,248)	-	(13,248)
<b>Total</b>	<b>\$ (2,981,334)</b>	<b>\$ (73,825)</b>	<b>\$ 137,016</b>	<b>\$ (2,918,143)</b>

***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, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre-1/7/13 Retirees: 3 percent, simple Post-1/7/13 Retirees: 3 percent simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Discount Rate** The discount rate used to measure the total pension (asset)/liability was 7.5 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 (asset)/liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Asset/Liability to Changes in the Discount Rate** The following table presents the County’s proportionate share of the net pension (asset)/liability calculated using the current period discount rate of 7.5 percent, as well as what the County’s proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension (asset)/liability			
Traditional Plan	\$ 36,343,825	\$ 20,466,802	\$ 7,230,149
Combined Plan	(101,785)	(187,246)	(246,209)

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 following table displays the OPERS Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
<b>Total</b>	<b>100.00 %</b>	<b>5.66 %</b>

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll Increases	3.00 percent
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0.00 percent

Actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disables mortality rates are based on the RP-2014 Disables Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 13 – DEFINED BENEFIT PENSION PLANS (Continued)**

Asset Class	Target Allocation	10 Year Expected Nominal Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* The 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS Ohio investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value assed by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. 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. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

**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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$1,830,777	\$1,253,641	\$765,173

**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, 2018, none have elected Social Security.

**LOGAN COUNTY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**NOTE 14 – DEFINED BENEFIT OPEB PLANS**

***Net OPEB (Asset)/Liability***

The net OPEB (asset)/liability reported on the statement of net position represents a (asset)/liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB (asset)/liability represents the County’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB (asset)/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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually required OPEB contribution outstanding at the end of the year would be 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 – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, State and Local employers contributed at a rate of 14.0 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board 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 in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0 percent for both plans. The OPERS 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 RMA for participants in the Member-Direction Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$0 for 2018.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

***Plan Description – State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly 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. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

***OPEB (Assets)/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS net OPEB asset was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an independent actuarial valuation as of July 1, 2018. The County's proportion of the net OPEB (asset)/liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	STRS	Total
Proportion of the Net OPEB (Asset)/Liability			
Current Measurement Date	0.1284210%	0.00570154%	
Prior Measurement Date	0.1259830%	0.00573984%	
Change in Proportionate Share	0.0024380%	-0.0000383%	
Proportionate Share of the Net OPEB (Asset)/Liability	\$ 13,945,574	\$ (91,618)	\$ 13,853,956
OPEB Expense	\$ 1,239,976	\$ (198,946)	\$ 1,041,030



**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 10,863	\$ 10,702	\$ 21,565
Changes of assumptions	1,015,386	-	1,015,386
Change in proportionate share	214,429	-	214,429
Total Deferred Outflows of Resources	<u>\$ 1,240,678</u>	<u>\$ 10,702</u>	<u>\$ 1,251,380</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$ -	\$ 5,338	\$ 5,338
Change in proportionate share	47,833	1,365	49,198
Changes of assumptions	-	124,836	124,836
Net difference between projected and actual earnings on OPEB plan investments	1,038,852	10,466	1,049,318
Total Deferred Inflows of Resources	<u>\$ 1,086,685</u>	<u>\$ 142,005</u>	<u>\$ 1,228,690</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>STRS</u>	<u>Total</u>
Year Ending December 31:			
2019	\$ 310,589	\$ (23,492)	\$ 287,097
2020	310,589	(23,492)	287,097
2021	(207,475)	(23,492)	(230,967)
2022	(259,710)	(21,114)	(280,824)
2023	-	(20,276)	(20,276)
Therafter	-	(19,437)	(19,437)
Total	<u>\$ 153,993</u>	<u>\$ (131,303)</u>	<u>\$ 22,690</u>

***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.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
<b>Total</b>	<b>100.00 %</b>	<b>4.98 %</b>

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

***Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate*** The following table presents the County’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the County’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
County's proportionate share of the net OPEB liability	\$ 18,527,298	\$ 13,945,574	\$ 10,239,006

***Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 13,342,942	\$ 13,945,574	\$ 14,568,078

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll increases	3.00 percent	
Investment rate of return	7.45 percent, net of investment expenses, including inflation	
Discount rate of return	7.45 percent	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	6.00 percent	4.00 percent
Medicare	5.00 percent	4.00 percent
Prescription Drug		
Pre-Medicare	8.00 percent	4.00 percent
Medicare	-5.23 percent	4.00 percent

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

\* 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 14 – DEFINED BENEFIT OPEB PLANS (Continued)**

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018.

**Sensitivity of the County’s Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OEPB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net OPEB asset	(\$78,525)	(\$91,618)	(\$102,622)

  

	1% Decrease	Current Trend Rate	1% Increase
County's proportionate share of the net OPEB asset	(\$102,001)	(\$91,618)	(\$81,074)

**Assumption Changes Since the Prior Measurement Date** The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

**Benefit Term Changes Since the Prior Measurement Date** The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

**NOTE 15 – DEFERRED COMPENSATION PLAN**

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

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 16 – 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 17 – 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.

**NOTE 18 – TAX ABATEMENTS**

**Ohio Enterprise Zone Program**

The Ohio Enterprise Zone Program is an economic development tool used by the County that provides real and personal property tax exemptions to businesses making investments in the County. The tax being abated is real property tax. The tax incentives are negotiated by the County and the enterprise zone agreement must be in place before the project begins. The Ohio Enterprise Zone Program is part of chapter 5709 of the Ohio Revised Code.

The County's Enterprise Zone's geographic area is determined by the County. Resolution number 466-95 passed by the County sets forth the area of the County that can negotiate an enterprise zone agreement. The taxes are abated by exempting a percentage of certain assessed valuation of the property for a period of time, in exchange for a commitment to purchase, remodel, and/or construct properties that will improve property value and/or bring/retain jobs to/within the County.

**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 18 – TAX ABATEMENTS (Continued)**

The Tax Incentive Review Council meets annually to review the exemptions and to determine whether the company is maintaining their end of the agreement. If an agreement is terminated by the Review Council, the assessed valuation of the property will be set at it’s fair market valuation with no additional exemption allowed.

The gross dollar amount by which the taxes were reduced to the County for 2018 was as follows:

Company	Tax Years	Percent	Amount
Honda Transmission Manufacturing of America	2008-2017	100	\$ 21,646
NEX Transport, Inc.	2015-2024	100	5,120
Midwest Express, Inc.	2014-2023	60	3,091
			\$ 29,857

In addition, under tax abatement agreements entered into by the City of Bellefontaine with AcuSport Corporation and ISS America, Inc, the County’s 2018 property tax revenues were reduced by \$12,918 and \$978, respectively.

**NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

For fiscal year 2018, the County implemented GASB Statement No. 75 “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities by establishing new accounting and financial reporting requirements for OPEB plans.

The County’s 2017 financial statements were also restated to properly account for long-term liabilities related to the Series 2012 A/B various purpose bonds in governmental activities instead of the Water Pollution Control Fund.



**LOGAN COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018**

**NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (Continued)**

The implementation of GASB Statement No. 75 and the accounting of the long-term liabilities related to the Series 2012 A/B various purpose bonds had the following effects on the net position as reported December 31, 2017:

	Governmental Activities	Business-Type Activities	Water Pollution Control	Logan Acres Home
Net Position December 31, 2017	\$ 91,949,174	\$ 21,125,801	\$ 17,798,957	\$ 3,326,844
Adjustments:				
Net OPEB Liability	(9,877,650)	(3,071,008)	(447,445)	(2,623,563)
Deferred Outflows - Payments Subsequent to Measurement Date	132,524	40,582	5,666	34,916
Deferred Outflows - Differences Between Expected and Actual Experience	12,928	-	-	-
Deferred Inflows - Changes of Assumptions	(18,040)	-	-	-
Deferred Inflows - Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	(9,572)	-	-	-
Long-Term Liabilities - Due in More Than One Year	(1,166,903)	1,166,903	1,166,903	-
Accrued Interest Payable	(2,551)	2,551	2,551	-
Restated Net Position December 31, 2017	<u>\$ 81,019,910</u>	<u>\$ 19,264,829</u>	<u>\$ 18,526,632</u>	<u>\$ 738,197</u>

For fiscal year 2018, the County implemented GASB Statement No. 85 “*Omnibus 2017*” addresses practice issues that have been identified during implementation and application of certain GASB Statements. Specific issues discussed relate to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits [OPEB]). The implementation of this statement did not have a significant effect on the financial statements of the County.

For fiscal year 2018, the County implemented GASB Statement No. 86 “*Certain Debt Extinguishment Issues*” improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this statement did not have an effect on the financial statements of the County.

For fiscal year 2018, the County early implemented GASB Statement No. 89 “*Accounting for Interest Cost Incurred before the End of a Construction Period*” which addresses capitalizing interest. The implementation of this statement did not have an effect on the financial statements of the County.

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

**Last Five Years (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's Proportion of the Net Pension (Asset)/Liability					
Traditional Plan	0.130461%	0.136759%	0.137597%	0.136209%	0.136209%
Combined Plan	0.137547%	0.120570%	0.119997%	0.109021%	0.109021%
County's Proportionate Share of the Net Pension (Asset)/Liability					
Traditional Plan	\$ 20,466,802	\$ 31,055,643	\$ 23,664,479	\$ 16,428,328	\$ 16,057,266
Combined Plan	\$ (187,246)	\$ (67,106)	\$ (58,393)	\$ (41,975)	\$ (11,439)
County's Covered Payroll					
State and Local	\$ 15,906,038	\$ 16,139,704	\$ 16,502,473	\$ 15,401,758	\$ 16,010,577
Law Enforcement	\$ 1,404,362	\$ 1,174,141	\$ 1,297,874	\$ 1,326,584	\$ 1,153,512
County's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	117.15%	178.98%	132.62%	97.96%	93.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability					
Traditional Plan	84.66%	77.25%	81.08%	86.45%	86.36%
Combined Plan	137.28%	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

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

**Last Six Years (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.00570154%	0.00573984%	0.005971%	0.005828%	0.006373%	0.006373%
County's Proportionate Share of the Net Pension Liability	\$ 1,253,641	\$ 1,363,511	\$ 1,998,674	\$ 1,610,733	\$ 1,550,039	\$ 1,846,397
County's Covered Payroll	\$ 717,983	\$ 643,158	\$ 722,897	\$ 688,887	\$ 701,192	\$ 708,177
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.61%	212.00%	276.48%	233.82%	221.06%	260.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	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.

See accompanying notes to the required supplementary information.

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

**Last Six Years (1)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Contractually Required Contribution						
State and Local	\$ 2,580,208	\$ 2,067,785	\$ 1,936,764	\$ 1,980,297	\$ 1,848,211	\$ 2,081,375
Law Enforcement	\$ 300,132	\$ 240,146	\$ 189,037	\$ 208,958	\$ 213,580	\$ 197,251
Contributions in Relation to the Contractually Required Contribution	\$ 2,880,340	\$ 2,307,931	\$ 2,125,801	\$ 2,189,255	\$ 2,061,791	\$ 2,278,626
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll						
State and Local	\$ 18,430,066	\$ 15,906,038	\$ 16,139,704	\$ 16,502,473	\$ 15,401,758	\$ 16,010,577
Law Enforcement	\$ 1,658,189	\$ 1,404,362	\$ 1,174,141	\$ 1,297,874	\$ 1,326,584	\$ 1,153,512
Contributions as a Percentage of Covered Payroll						
State and Local	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Law Enforcement	18.10%	17.10%	16.10%	16.10%	16.10%	17.10%

(1) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.

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

**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ 100,518	\$ 90,042	\$ 101,206	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969
Contributions in Relation to the Contractually Required Contribution	\$ 100,518	\$ 90,042	\$ 101,206	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 717,983	\$ 643,158	\$ 722,897	\$ 688,887	\$ 701,192	\$ 708,177	\$ 717,115	\$ 954,423	\$ 1,009,515	\$ 1,053,608
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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

**Last Two Years (1)**

	<b>2018</b>	<b>2017</b>
County's Proportion of the Net OPEB Liability	0.128421%	0.125983%
County's Proportionate Share of the Net OPEB Liability	\$ 13,945,574	\$ 12,724,711
County's Covered Payroll		
State and Local	\$ 15,906,038	\$ 16,139,704
Law Enforcement	\$ 1,404,362	\$ 1,174,141
County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	80.56%	73.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

**Last Two Years (1)**

	<u>2018</u>	<u>2017</u>
County's Proportion of the Net OPEB (Asset)/Liability	0.00570154%	0.00573984%
County's Proportionate Share of the Net OPEB (Asset)/Liability	\$ (91,618)	\$ 223,947
County's Covered Payroll	\$ 717,983	\$ 643,158
County's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-12.76%	34.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	176.00%	47.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

**Last Six Years (1)**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Contractually Required Contribution</b>						
State and Local	\$ -	\$ 159,060	\$ 322,794	\$ 330,049	\$ 308,035	\$ 160,106
Law Enforcement	\$ -	\$ 14,044	\$ 23,483	\$ 25,957	\$ 26,532	\$ 11,535
<b>Contributions in Relation to the Contractually Required Contribution</b>						
	\$ -	\$ 173,104	\$ 346,277	\$ 356,007	\$ 334,567	\$ 171,641
<b>Contribution Deficiency (Excess)</b>						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Covered Payroll</b>						
State and Local	\$ 18,430,066	\$ 15,906,038	\$ 16,139,704	\$ 16,502,473	\$ 15,401,758	\$ 16,010,577
Law Enforcement	\$ 1,658,189	\$ 1,404,362	\$ 1,174,141	\$ 1,297,874	\$ 1,326,584	\$ 1,153,512
<b>Contributions as a Percentage of Covered Payroll</b>						
State and Local	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%
Law Enforcement	0.00%	1.00%	2.00%	2.00%	2.00%	1.00%

(1) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.



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

**Last Ten Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 7,012	\$ 7,082	\$ 7,171	\$ 9,544	\$ 10,095	\$ 10,536
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ 7,012	\$ 7,082	\$ 7,171	\$ 9,544	\$ 10,095	\$ 10,536
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 717,983	\$ 643,158	\$ 722,897	\$ 688,887	\$ 701,192	\$ 708,177	\$ 717,115	\$ 954,423	\$ 1,009,515	\$ 1,053,608
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

**LOGAN COUNTY**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

**Ohio Public Employees Retirement System**

*Changes of benefit terms.* There were no significant changes of benefit terms in 2018.

*Changes of assumptions.* There were no significant changes of benefit terms in 2018.

**State Teachers Retirement System**

*Changes of benefit terms.* The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

*Changes of assumptions.* The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Award Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Total SNAP Cluster	10.561	G-1617-06-0360	\$ -	\$ 310,363
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)	-	5,906
National School Lunch Program	10.555	(1)	-	13,254
Total Child Nutrition Cluster			-	19,160
Total U.S. Department of Agriculture			-	329,523
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
<i>Pass through the Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:				
Formula Grant	14.228	B-F-16-1BP-1	-	477,156
Community Housing Improvement Program	14.228	B-C-17-1BP-1	-	30,565
Formula Grant	14.228	B-F-17-1BP-1	-	62,220
Formula Grant	14.228	B-X-17-1BP-1	-	5,000
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			-	574,941
Home Investment Partnerships Program	14.239	B-C-17-1BP-2	-	134,495
Total U.S. Department of Housing and Urban Development			-	709,436
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
<i>Passed through the Ohio Attorney General's Office</i>				
Crime Victim Assistance:				
Crime Victim Assistance	16.575	2018-VOCA-109147101	-	64,917
Crime Victim Assistance	16.575	2019-VOCA-132132805	-	15,474
Total Crime Victim Assistance			-	80,391
<i>Passed through the Ohio Department of Public Safety</i>				
Edward Byrne Memorial Justice Assistance Grant Program:				
Edward Byrne Memorial JAG - Jail Programs	16.738	2016-JG-C01-6066	-	11,552
Edward Byrne Memorial JAG - Violent Crimes	16.738	2016-JG-A02-6821	-	461
Edward Byrne Memorial JAG - Jail Programs	16.738	2017-JG-C01-6066	-	15,029
Edward Byrne Memorial JAG - Family Treatment Court	16.738	2016-JG-D02-6069	-	3,782
Edward Byrne Memorial JAG - Family Treatment Court	16.738	2017-JG-D02-6069	-	17,678
Total Edward Byrne Memorial Justice Assistance Grant Program			-	48,502
Total U.S. Department of Justice			-	128,893
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
<i>Passed through the Ohio Department of Job &amp; Family Services and Area 7 Workforce Development Board</i>				
Trade Adjustment Assistance	17.245	2010-7346	-	4,462
WIOA Cluster:				
WIOA Adult Program	17.258	2010-7346	-	26,301
WIOA Youth Activities	17.259	2010-7346	-	17,707
WIOA Dislocated Worker Formula Grants	17.278	2010-7346	-	40,584
Total WIOA Cluster			-	84,592

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<b>FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Award Disbursements</b>
Employment Service Cluster: Employment Service/Wagner-Peyser Funded Activities - Total Employment Service Cluster	17.207	2010-7346	-	24,020
Total U.S. Department of Labor			-	113,074
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<b><i>Passed through the Ohio Department of Transportation</i></b>				
Highway Planning and Construction Cluster:				
Regional Transportation Planning Grant	20.205	PID #99720	-	13,843
Highway Planning and Construction	20.205	PID #106255	-	41,580
Highway Planning and Construction	20.205	PID #106946	-	59,196
Total Highway Planning and Construction Cluster			-	114,619
<b><i>Passed through the Ohio Department of Public Safety</i></b>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2018-00092	-	10,593
State and Community Highway Safety	20.600	STEP-2019-00029	-	1,985
Total Highway Safety Cluster			-	12,578
Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2018-00092	-	15,645
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2019-00029	-	3,987
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			-	19,632
Total U.S. Department of Transportation			-	146,829
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<b><i>Passed through the Ohio Department of Education</i></b>				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	(1)	-	6,224
Special Education Preschool Grants	84.173	(1)	-	19,474
Total Special Education Cluster (IDEA)			-	25,698
Total U.S. Department of Education			-	25,698
<b><u>U.S. ELECTION ASSISTANCE COMMISSION</u></b>				
<b><i>Passed through the Ohio Secretary of State</i></b>				
2018 HAVA Election Security Grants	90.404	(1)	-	6,000
Total U.S. Election Assistance Commission			-	6,000
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<b><i>Passed through the Ohio Department of Job &amp; Family Services</i></b>				
Promoting Safe and Stable Families	93.556	G-1819-06-0138	-	62,258
TANF Cluster				
Temporary Assistance for Needy Families - Total TANF Cluster	93.558	G-1819-06-0138	20,414	705,558
Child Support Enforcement	93.563	G-1819-06-0138	-	522,038
CCDF Cluster				
Child Care Development Block Grant - Total CCDF Cluster	93.575	G-1819-06-0138	-	51,555
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1819-06-0138	-	87,962
Foster Care - Title IV-E	93.658	G-1819-06-0138	-	802,317
Adoption Assistance	93.659	G-1819-06-0138	-	221,515

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2018

<b>FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Award Disbursements</b>
Social Services Block Grant: <b>Passed through the Ohio Department of Developmental Disabilities</b>				
Social Services Block Grant	93.667	(1)	-	29,728
<b>Passed through the Ohio Department of Job &amp; Family Services</b>				
Social Services Block Grant	93.667	G-1819-06-0138	33,865	483,695
Total Social Services Block Grant			33,865	513,423
<b>Passed through the Ohio Department of Job &amp; Family Services</b>				
Children's Health Insurance Program (CHIP)	93.767	G-1819-06-0138	-	1,388
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	G-1819-06-0138	-	2,160
Medicaid Cluster: <b>Passed through the Ohio Department of Job &amp; Family Services</b>				
Medical Assistance Program	93.778	G-1819-06-0138	-	480,973
<b>Passed through the Ohio Department of Developmental Disabilities</b>				
Medical Assistance Program	93.778	(1)	-	128,980
Total Medicaid Cluster			-	609,953
Total U.S. Department of Health and Human Services			54,279	3,580,127
<b><u>U.S DEPARTMENT OF HOMELAND SECURITY</u></b>				
<b>Passed through the Ohio Department of Public Safety Emergency Management Agency</b>				
Emergency Management Performance Grants:				
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	-	28,071
Emergency Management Performance Grants	97.042	EMC-2018-EP-00006-S01	-	31,665
Total Emergency Management Performance Grants			-	59,736
Pre-Disaster Mitigation	97.047	EMC-2016-PC-0001	-	3,750
Total Department of Homeland Security			-	63,486
Total Expenditures of Federal Awards			\$ 54,279	\$ 5,103,066

(1) Pass through number not available or multiple.

## LOGAN COUNTY, OHIO

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2018

#### **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, 2018. 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 position, 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. During fiscal year 2018, ODJFS transferred \$329,572 of the County's Temporary Assistance for Needy Families (93.558) funds to the Social Services Block Grant program.

LOGAN COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE E – TRANSFERS BETWEEN FEDERAL PROGRAMS (CONTINUED)**

The Schedule of Expenditures of Federal Awards shows the County spent \$705,558 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 2018:

Total Temporary Assistance for Needy Families.....	\$ 1,035,130
Total reported as Social Services Block Grant .....	<u>(329,572)</u>
Total reported as Temporary Assistance for Needy Families.....	<u>\$ 705,558</u>

**NOTE F – COST REPORT SETTLEMENTS**

During the calendar year, the County Board of Developmental Disabilities received notice of a liability owed to the Ohio Department of Developmental Disabilities for the 2014 Cost Report for the Medicaid Program (CFDA #93.778) in the amount of \$2,864. The Cost Report Settlement liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. This liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting period and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

**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, (the County) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 31, 2019. We noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The County's financial statements were also restated to properly account for long-term liabilities related to the Series 2012 A/B various purpose bonds in governmental activities instead of the Water Pollution Control Fund.

***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 31, 2019

# OHIO AUDITOR OF STATE KEITH FABER



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130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## 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 the County's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of 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 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii***

As described in finding 2018-001 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management applicable to its CFDA 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

The County's response to our noncompliance finding is described in the accompanying corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

***Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* paragraph, Logan County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii for the year ended December 31, 2018.

***Unmodified Opinion on the Other Major Federal Programs***

In our opinion, Logan County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2018.

***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 a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2018-001.

The County's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not subject the County's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 31, 2019

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LOGAN COUNTY  
**SCHEDULE OF FINDINGS**  
 2 CFR § 200.515  
 DECEMBER 31, 2018

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified - TANF Cluster, Child Support Enforcement (CFDA #93.563) and Foster Care – Title IV-E (CFDA #93.658)  Qualified – Community Development Block Grants/State's Program, which we qualified (CFDA #14.228).
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CFDA #14.228)  TANF Cluster  Child Support Enforcement (CFDA #93.563)  Foster Care – Title IV-E (CFDA #93.658)
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG) - Cash Management**

<b>Finding Number:</b>	<b>2018-001</b>
<b>CFDA Number and Title:</b>	<b>CFDA #14.228 – Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</b>
<b>Federal Award Identification Number / Year:</b>	<b>B-F-16-1BP-1 and B-C-17-1BP-1</b>
<b>Federal Agency:</b>	<b>United States Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Cash Management</b>
<b>Pass-Through Entity:</b>	<b>Ohio Development Services Agency</b>
<b>Repeat Finding from Prior Audit?</b>	<b>Yes</b>
<b>Prior Audit Finding Number:</b>	<b>2017-001</b>

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

**2 CFR § 2400.101** gives regulatory effect to the Department of Housing and Urban Development for **2 CFR § 200.305(b)** which states, in part, for non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

**2 CFR § 200.305(b)(1)** states, in part, the non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements.

**2 CFR § 200.305(b)(9)** states that interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Additional information regarding interest remittances are listed in 2 C.F.R. § 200.305(b)(9)(i. - iv.).

**2 CFR § 200.302(b)(6)** states the financial management system of each non-Federal entity must provide for written procedures to implement the requirements of § 200.305 Payment.



**FINDING 2018-001  
(Continued)**

Additionally, the Ohio Development Services Agency (ODSA) Office of Community Development (OCD) Grant Operations and Financial Management Policy and Procedures Section (A)(2)(f) states the grantee must develop a cash management system to minimize the time elapsed between the funds transfer from OCD and funds disbursed by the grantee, in compliance with 2 C.F.R. § 200.305 – Payment. Implementing the cash management system shall ensure disbursed OCD funds-on-hand balance is less than \$5,000 within thirty days of receiving the funds. Lump sum drawdowns are not permitted.

The County's CDBG B-C-17-1BP-1 grant received \$9,190 and expended \$2,240 in August 2018; however the remaining balance of \$6,950 was not spent within thirty days. Additionally, B-F-16-1BP-1 grant received \$52,715 and expended \$11,100 in August 2018; however the remaining balance of \$41,615 was not spent until October 2018. Furthermore, B-F-16-1BP-1 grant received \$47,702 in December 2018, but the balance was not expended until February 2019. Due to the significance of the advanced amounts, the County may have earned estimated interest of \$2,400. The County did not remit the additional earned interest nor did it have a written cash management policy. Proper policies and procedures can help eliminate cash management issues.

The County should establish and implement cash management procedures to monitor the thirty-day rule regarding the prompt disbursement of program funds and also use the program income revenues before drawing other funds. The County should then submit a Request for Payments for current cash needs and monitoring the receipts, disbursements, and balances of the Community Development Block Grant funds to avoid excessive federal fund cash balances which could result in the loss of future federal funding. The County should also calculate potential interest earnings to determine if funds need to be returned.

**Official's Response:**

See Corrective Action Plan on page 111.



LOGAN COUNTY AUDITOR

Kacy Kirby, Chief Deputy      LeAnn Taylor, Chief Deputy

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**December 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	<b>2 CFR §2400.101 &amp; 2 CFR §200.305 – Cash Management</b>	Not corrected	We are also awaiting our new budgetary software which I believe will help us make the proper accounting of items. Software is active 1.1.2019  Repeated as Finding 2018-001



LOGAN COUNTY AUDITOR

Kacy Kirby, Chief Deputy    LeAnn Taylor, Chief Deputy

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**December 31, 2018**

**Finding Number:** 2018-001

**Planned Corrective Action:** On all grants drawdowns are only made after receiving contractor invoices or when the Notice to Proceed is issued. We monitor drawdowns and payments to ensure that funds are expended within 30 days of receipt from the State of Ohio. We will work with the Logan County Auditor's Office to improve our cash management procedures. New financial software was installed on 1.1.2019 for real time information. We believe this will improve our management.

**Anticipated Completion Date:** 01/01/20

**Responsible Contact Person:** Brian Dunn, Project Coordinator

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OHIO AUDITOR OF STATE  
**KEITH FABER**



**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  
NOVEMBER 26, 2019**