

Logan County Financial Condition

Single Audit

January 1, 2005 through December 31, 2005

Year Audited Under GAGAS: 2005

**BALESTRA, HARR & SCHERER CPAs, INC.**

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
[www.bhscpas.com](http://www.bhscpas.com)





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of Logan County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 7, 2006

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Independent Auditor's Report**

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

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, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of RTC Industries, Inc., which is included as a discrete presentation in the County's basic financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and in our opinion, insofar as it relates to the amounts included for RTC Industries, Inc. is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund, Auto and Gas fund, Board of MRDD fund, and the Children Services fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 19 to the basic financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers*.



Balestra, Harr & Scherer, CPAs, Inc.  
August 31, 2006

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

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The discussion and analysis of Logan County's financial performance provides an overall view of the County's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review notes to the basic financial statements, and the financial statements themselves, to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- The County's net assets increased \$2.4 million as a result of this year's operations. Net assets of our business-type activities increased \$2.1 million or 18 percent, and net assets of our governmental activities increased \$0.3 million or 0.3 percent.
- Business-type activities had expenses \$0.8 million less than the \$7.6 million in program revenues generated for such expenses.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, the General Fund is by far the most significant fund.

***Reporting the County as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the County, the *financial position* of the County has diminished. The cause of this is the result of many factors, some the County can control, some not. Non-controllable financial factors include the County's insurance costs, Workers Compensation costs, the economy, interest rates, and revenues or expenses determined by laws in Ohio restricting revenue growth, required programs and other factors.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

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In the Statement of Net Assets and the Statement of Activities, the County is divided into two distinct kinds of activities:

- Governmental Activities - Most of the County's programs and services are reported here including public safety, public works, health, human services, conservation and recreation, economic development, urban redevelopment, legislative and executive, and judicial.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Indian Lake Water Pollution Control District Fund and the Logan Acres County Home Fund are reported as business-type activities.

***Reporting the County's Most Significant Funds***

*Fund Financial Statements*

Fund financial statements provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the General Fund, the Auto and Gas Fund, the MRDD Fund, the Children Services Fund, and the Capital Improvement Fund.

***Governmental Funds*** Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted into cash. The governmental fund statements provide a detailed *short-term view* of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance County operations. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

**The County as a Whole**

Recall that the Statement of Net Assets provides the perspective of the County as a whole.

Table 1  
 Net Assets  
 (In Millions)

	Governmental Activities 2005	Business-Type Activities 2005	Total 2005	Total 2004
<b>Asset</b>				
Current and Other Assets	\$32.6	\$5.8	\$38.4	\$30.7
Capital Assets, Net	69.9	16.4	86.3	76.6
<b>Total Assets</b>	<b>\$102.5</b>	<b>\$22.2</b>	<b>\$124.7</b>	<b>\$107.3</b>
<b>Liabilities</b>				
Other Liabilities	\$8.4	\$0.9	\$9.3	\$6.4
Long-Term Liabilities	18.3	7.4	25.7	13.6
<b>Total Liabilities</b>	<b>26.7</b>	<b>8.3</b>	<b>35.0</b>	<b>20.0</b>
<b>Net Assets</b>				
Invested in Capital				
Assets Net of Debt	52.9	9.1	62.0	64.8
Restricted	4.8	0.0	4.8	16.7
Unrestricted (Deficit)	18.1	4.8	22.9	5.8
<b>Total Net Assets</b>	<b>\$75.8</b>	<b>\$13.9</b>	<b>\$89.7</b>	<b>\$87.3</b>

The increase in current and other assets is due to the increases in equity in pooled cash and investments of \$6.0 million, taxes receivable of \$0.3 million, accounts receivable of \$0.2 million, intergovernmental receivable of \$1.3 million, and capital assets of \$9.7 million. The increase in liabilities is due to increases in accounts payable of \$0.2 million, contracts payable of \$0.4 million, due to other governments of \$0.4 million, deferred revenue of \$1.7 million, accrued interest payable of \$0.4 million, and long-term liabilities of \$12.1 million. The decrease in net assets is due to significantly higher outstanding debt balances at 2005 versus 2004 due to two new debt issuances occurring in 2005 and due to significantly higher expenditures occurring in special revenue and capital projects funds.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

Table 2 shows comparative numbers for the changes in net assets for the years 2005 and 2004.

Table 2  
 Changes in Net Assets  
 (In Millions)

	Governmental Activities 2005	Business-Type Activities 2005	Total 2005	Total 2004
<b>Revenue</b>				
Program Revenues:				
Charges for Services	\$6.0	\$5.2	\$11.2	\$9.4
Operating Grants	13.4	2.4	15.8	13.3
Capital Grants	0.1	0.0	0.1	0.5
General Revenue:				
Property Taxes	6.9	0.0	6.9	7.0
Grants and Contributions Not Restricted	3.7	0.0	3.7	4.2
Sales Tax	4.9	0.0	4.9	4.7
Other	1.1	1.4	2.5	2.1
Total Revenues	<u>36.1</u>	<u>9.0</u>	<u>45.1</u>	<u>41.2</u>
<b>Program Expenses</b>				
General Government – Legislative and Executive	5.4	0.0	5.4	4.5
General Government – Judicial	2.3	0.0	2.3	2.2
Public Safety	6.5	0.0	6.5	7.2
Public Works	7.0	0.0	7.0	5.0
Health	1.4	0.0	1.4	1.1
Human Service	11.3	0.0	11.3	12.3
Conservation and Recreation	0.4	0.0	0.4	0.2
Economic Development and Assistance	0.2	0.0	0.2	0.2
Urban Redevelopment and housing	0.4	0.0	0.4	0.2
Interest and Fiscal Charges	0.9	0.0	0.9	0.0
Loss on Disposal of Capital Assets	0.0	0.0	0.0	0.3
Wastewater Pollution Control Fund	0.0	1.8	1.8	1.5
Logan Acres County Home Fund	0.0	5.1	5.1	4.7
Total Expenses	<u>35.8</u>	<u>6.9</u>	<u>42.7</u>	<u>39.4</u>
Increase (Decrease) in Net Assets	0.3	2.1	2.4	1.8
Net Assets Beginning of Year - Restated - See Note 19	<u>75.5</u>	<u>11.8</u>	<u>87.3</u>	<u>85.5</u>
Net Assets End of Year	<u>\$75.8</u>	<u>\$13.9</u>	<u>\$89.7</u>	<u>\$87.3</u>

The increase in revenues from 2004 to 2005 was due to increases in charges for services of \$1.8 million, operating grants and contributions of \$2.5 million, sales taxes of \$0.2 million, investment income of \$0.8 million, and decreases in capital grants of \$0.4 million, unrestricted grants and contributions of \$0.4 million, and miscellaneous revenue of \$0.4 million. The increase in expenses was due to increases in public works of \$2.0 million, legislative and executive of \$0.9 million, Water Pollution Control operations of \$0.5 million, and Logan Acres County Home operations of \$0.3 million.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

***Governmental Activities***

While the budget is tight, no reductions were put into place during 2005. However the 2005 general fund reflects a flat or “no growth” plan.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons are made to 2004.

Table 3  
 Governmental Activities  
 (In Millions)

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
General Government - Legislative	\$5.4	\$3.9	\$4.5	\$3.0
General Government - Judicial	2.3	0.9	2.2	0.7
Public Safety	6.5	4.5	7.2	6.3
Public Works	7.0	0.3	5.0	(0.5)
Health	1.4	1.4	1.1	1.1
Human Services	11.3	4.3	12.3	5.9
Conservation and Recreation	0.4	0.4	0.2	0.1
Economic Development and Assistance	0.2	(0.1)	0.2	0.2
Urban Redevelopment and Housing	0.4	(0.1)	0.2	0.1
Interest and Fiscal Charges	0.9	0.9	0.3	0.3
Total Expenses	<u>\$35.8</u>	<u>\$16.4</u>	<u>\$33.2</u>	<u>\$17.2</u>

The dependence upon tax revenues for governmental activities is apparent. Over 69.2 percent of public safety and 38.1 percent of human services are supported through taxes and other general revenues, for all governmental activities revenue support is 45.8 percent. The community, as a whole, is by far the primary support for the County.

***Business-Type Activities***

Business-type activities include the Water Pollution Control Fund and Logan Acres County Home Fund. These programs had total revenues of \$9.0 million and total expenses of \$6.9 million for the year 2005. Business activities receive no support from tax revenues.

**The County's Funds**

Information about the County's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$36.8 million and expenditures of \$42.9 million. The net change in fund balance for the year was most significant in the Capital Improvement Fund, an increase of \$3.6 million. A Capital Facilities note issued contributed significantly to the net increase.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

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**General Fund Budgeting Highlights**

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the year 2005 the County amended its General Fund budget numerous times. The County uses department based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, budget revenue was \$14.9 million, below original budget estimates of \$15.0 million. Based upon a sluggish economy, the County needed to revise estimates lower.

The County's 2005 ending unobligated General Fund cash balance was \$1.0 million above the final budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the 2005, the County had \$76.7 million invested in land, buildings, equipment, vehicles, and infrastructure, of which \$60.5 million was in governmental activities. Table 4 shows the 2005 balances.

Table 4  
 Capital Assets at December 31  
 (Net of Depreciation, in Millions)

	Governmental Activities 2005	Business-Type Activities 2005	Total 2005	Total 2004
Land	\$4.1	\$0.2	\$4.3	\$4.3
Land Improvements	0.2	0.2	0.4	0.4
Buildings and Improvements	14.8	0.8	15.6	15.9
Machinery & Equipment	3.2	0.6	3.8	3.6
Vehicles	1.6	0.0	1.6	1.9
Infrastructure	40.2	13.9	54.1	49.7
Construction in Progress	5.8	0.7	6.5	0.8
<b>Totals</b>	<b>\$69.9</b>	<b>\$16.4</b>	<b>\$86.3</b>	<b>\$76.6</b>

The primary increase occurred in infrastructure, which include construction projects for road and bridge rebuilding. Other areas were held back because of budget restraints.

See Note 9 for additional information on the County's capital assets.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*(Unaudited)*

**Debt**

As of December 31, 2005, the County had \$24.3 million in bonds and notes outstanding, \$15.4 million due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5  
 Outstanding Debt, at Year End  
 (In Millions)

	Governmental Activities 2005	Business- Type Activities 2005	Governmental Activities 2004	Business- Type Activities 2004
Various Purpose Bonds, Series 2	\$7.5	\$0.0	\$7.9	\$0.0
Capital Facilities Note	9.5	0.0	0.0	0.0
Sewer System Refunding Bonds	0.0	1.2	0.0	1.6
Sewer Special Assessment Bonds	0.0	0.2	0.0	0.3
O.W.D.A. Loan	0.0	1.0	0.0	1.2
Sewer System Improvement Note	0.0	4.9	0.0	0.0
Capital Facilities Note	0.0	0.0	0.0	1.2
<b>Total</b>	<b>\$17.0</b>	<b>\$7.3</b>	<b>\$7.9</b>	<b>\$4.3</b>

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.

See Note 11 for additional information on the County's debt obligations.

**For the Future**

The County is struggling financially. As the preceding information shows, the County heavily depends on its Sales Tax. As we begin 2006, the sales tax seems to be improving over last year's numbers and we trust this improvement to continue.

In conclusion, the County has committed itself to financial responsibility for many years. In addition, the County's systems of budgeting and internal controls are well regarded. All of the County's financial abilities will be needed to meet the challenges of the future.

**Contacting the County's Financial Management**

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

**Logan County**  
*Statement of Net Assets*  
*December 31, 2005*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$18,375,974	\$4,343,058	\$22,719,032	\$0
Cash and Cash Equivalents in Fiscal Agents	0	39,207	39,207	641,181
Receivables:				
Taxes	6,767,981	0	6,767,981	0
Accounts	319,920	428,976	748,896	102,051
Special Assessments	53,970	711,669	765,639	0
Accrued Interest	81,953	0	81,953	0
Due from Other Governments	6,384,344	216,884	6,601,228	0
Prepaid Items	116,431	15,644	132,075	0
Materials and Supplies Inventory	524,346	20,154	544,500	0
Unamortized Bond Issue Costs	0	6,672	6,672	0
Nondepreciable Capital Assets	9,876,213	205,526	10,081,739	0
Capital Assets, Net of Depreciation	60,033,301	16,186,229	76,219,530	87,299
<b>Total Assets</b>	<b>102,534,433</b>	<b>22,174,019</b>	<b>124,708,452</b>	<b>830,531</b>
<u>Liabilities</u>				
Accounts Payable	688,860	436,739	1,125,599	43,604
Contracts Payable	504,997	0	504,997	0
Accrued Wages	611,819	163,375	775,194	24,003
Due to Other Governments	371,692	79,692	451,384	0
Deferred Revenue	5,886,192	0	5,886,192	0
Deposits Held and Due to Others	0	39,107	39,107	0
Accrued Interest Payable	337,572	107,792	445,364	0
Unamortized Premiums on Bonds	9,881	0	9,881	0
Long-Term Liabilities:				
Due Within One Year	10,785,318	5,696,230	16,481,548	3,536
Due in More Than One Year	7,521,085	1,740,283	9,261,368	0
<b>Total Liabilities</b>	<b>26,717,416</b>	<b>8,263,218</b>	<b>34,980,634</b>	<b>71,143</b>
<u>Net Assets</u>				
Invested in Capital Assets, Net of Related Debt	52,869,514	9,124,579	61,994,093	87,299
Restricted for:				
Other Purposes	4,857,225	0	4,857,225	0
Unrestricted	18,090,278	4,786,222	22,876,500	672,089
<b>Total Net Assets</b>	<b>\$75,817,017</b>	<b>\$13,910,801</b>	<b>\$89,727,818</b>	<b>\$759,388</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Activities*  
For the Year Ended December 31, 2005

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for		Capital Grants and Contributions	Primary Government		Totals	
		Services and Sales	Operating Grants and Contributions		Governmental Activities	Business-Type Activities		
Primary Government:								
<u>Governmental Activities</u>								
General Government:								
Legislative and Executive	\$5,428,807	\$1,443,584	\$71,166	\$0	(\$3,914,057)		(\$3,914,057)	
Judicial	2,284,494	718,555	678,249	0	(887,690)		(887,690)	
Public Safety	6,499,641	831,032	1,216,640	0	(4,451,969)		(4,451,969)	
Public Works	6,982,094	1,522,846	5,090,706	0	(368,542)		(368,542)	
Health	1,473,064	32,844	0	0	(1,440,220)		(1,440,220)	
Human Services	11,309,411	1,455,965	5,500,821	52,500	(4,300,125)		(4,300,125)	
Conservation and Recreation	412,937	0	0	0	(412,937)		(412,937)	
Economic Development and Assistance	190,967	0	295,655	0	104,688		104,688	
Urban Redevelopment and Housing	376,316	0	539,140	0	162,824		162,824	
Interest and Fiscal Charges	862,468	0	0	0	(862,468)		(862,468)	
Total Governmental Activities	35,820,199	6,004,826	13,392,377	52,500	(16,370,496)		(16,370,496)	
<u>Business-Type Activities</u>								
Water Pollution Control Fund	1,846,937	2,377,074	0	0		530,137	530,137	
Logan Acres County Home Fund	5,052,210	2,858,387	2,419,964	0		226,141	226,141	
Total Business-Type Activities	6,899,147	5,235,461	2,419,964	0		756,278	756,278	
Total Primary Government	\$42,719,346	\$11,240,287	\$15,812,341	\$52,500		756,278	(15,614,218)	
<u>Component Unit</u>								
RTC Industries, Inc.	\$604,945	\$676,835	\$0	\$0			\$71,890	
Total Component Unit	\$604,945	\$676,835	\$0	\$0			71,890	
General Revenues and Transfers:								
Taxes:								
Property Taxes for General Purposes					6,910,911	0	6,910,911	0
Sales Taxes for General Purposes					4,948,527	0	4,948,527	0
Grants and Contributions not Restricted to Specific Programs					3,664,947	0	3,664,947	0
Unrestricted Investment Earning					1,082,090	140,503	1,222,593	40,247
Miscellaneous					1,179,681	38,901	1,218,582	0
Transfers					(1,200,000)	1,200,000	0	0
Gain on Disposal of Capital Assets					46,754	0	46,754	0
Total General Revenues and Transfers					16,632,910	1,379,404	18,012,314	40,247
Change in Net Assets					262,414	2,135,682	2,398,096	112,137
Net Assets - January 1, 2005 - Restated - See Note 19					75,554,603	11,775,119	87,329,722	647,251
Net Assets - December 31, 2005					\$75,817,017	\$13,910,801	\$89,727,818	\$759,388

See accompanying notes to the basic financial statements.

**Logan County**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2005*

	General	Auto and Gas	Board of MRDD	Children Services	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$1,971,755	\$703,250	\$988,729	\$2,197,749	\$4,729,598	\$7,784,893	\$18,375,974
Receivables:							
Taxes	2,145,676	0	3,671,781	950,524	0	0	6,767,981
Accounts	137,120	2,929	45,142	292	0	134,437	319,920
Special Assessments	0	0	0	0	0	53,970	53,970
Accrued Interest	81,953	0	0	0	0	0	81,953
Due from Other Governments	2,274,591	2,123,396	424,916	106,249	0	1,455,192	6,384,344
Prepaid Items	112,482	0	0	0	0	3,949	116,431
Materials and Supplies Inventory	39,883	466,521	9,316	7,551	0	1,075	524,346
Advances to Other Funds	153,392	0	0	0	0	57,065	210,457
<b>Total Assets</b>	<b>\$6,916,852</b>	<b>\$3,296,096</b>	<b>\$5,139,884</b>	<b>\$3,262,365</b>	<b>\$4,729,598</b>	<b>\$9,490,581</b>	<b>\$32,835,376</b>
<b>Liabilities</b>							
Accounts Payable	\$258,528	\$136,280	\$34,129	\$58,005	\$0	201,918	\$688,860
Contracts Payable	0	0	0	0	504,997	0	504,997
Accrued Wages	227,850	64,440	115,831	51,804	0	151,894	611,819
Due to Other Governments	152,344	36,489	69,224	25,116	0	88,519	371,692
Deferred Revenue	3,455,991	1,820,268	3,980,254	1,002,616	0	1,490,989	11,750,118
Advances from Other Funds	0	0	0	0	0	210,457	210,457
<b>Total Liabilities</b>	<b>4,094,713</b>	<b>2,057,477</b>	<b>4,199,438</b>	<b>1,137,541</b>	<b>504,997</b>	<b>2,143,777</b>	<b>14,137,943</b>
<b>Fund Balances</b>							
Reserved for Encumbrances	299,581	59,353	12,147	16,342	2,749,243	1,024,726	4,161,392
Reserved for Inventory	39,883	466,521	9,316	7,551	0	1,075	524,346
Reserved for Advances	153,392	0	0	0	0	57,095	210,487
Unreserved, Reported in:							
General Fund	2,329,283	0	0	0	0	0	2,329,283
Special Revenue Funds	0	712,745	918,983	2,100,931	0	6,018,884	9,751,543
Debt Service Funds	0	0	0	0	0	30,100	30,100
Capital Projects Funds	0	0	0	0	1,475,358	214,924	1,690,282
<b>Total Fund Balances</b>	<b>2,822,139</b>	<b>1,238,619</b>	<b>940,446</b>	<b>2,124,824</b>	<b>4,224,601</b>	<b>7,346,804</b>	<b>18,697,433</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$6,916,852</b>	<b>\$3,296,096</b>	<b>\$5,139,884</b>	<b>\$3,262,365</b>	<b>\$4,729,598</b>	<b>\$9,490,581</b>	<b>\$32,835,376</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets*  
*December 31, 2005*

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Total Governmental Fund Balances	\$18,697,433
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*Amounts reported for governmental activities in the Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	69,909,514
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	1,328,636	
Grants	4,452,169	
Accounts Receivable	23,964	
Accrued Interest on Investments	59,157	
Total	5,863,926	5,863,926

Some long-term 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	(337,572)	
Unamortized Premiums on Bonds	(9,881)	
Bonds and Notes Payable	(17,040,000)	
Compensated Absences Payable	(1,266,403)	
Total	(18,653,856)	(18,653,856)

Net Assets of Governmental Activities in the Statement of Net Assets	\$75,817,017
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See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General Fund	Auto and Gas	Board of MRDD	Children Services	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$6,821,059	\$0	\$2,715,572	\$1,094,644	\$0	\$655,107	\$11,286,382
Intergovernmental	4,666,612	3,781,544	1,554,620	839,055	0	6,388,738	17,230,569
Investment Income	702,044	0	0	0	421,255	1,245	1,124,544
Licenses and Permits	133,867	0	0	0	0	58,400	192,267
Fines and Forfeitures	159,685	53,255	0	0	0	81,043	293,983
Special Assessments	0	0	0	0	0	46,059	46,059
Charges for Services	2,254,234	112,244	178,363	176,467	0	2,759,118	5,480,426
Miscellaneous	215,307	71,257	223,428	26,583	4,331	650,797	1,191,703
<b>Total Revenues</b>	<b>14,952,808</b>	<b>4,018,300</b>	<b>4,671,983</b>	<b>2,136,749</b>	<b>425,586</b>	<b>10,640,507</b>	<b>36,845,933</b>
<b>Expenditures</b>							
<b>Current:</b>							
<b>General Government:</b>							
Legislative and Executive	4,674,486	0	0	0	0	661,051	5,335,537
Judicial	1,752,859	0	0	0	0	434,088	2,186,947
Public Safety	5,056,612	0	0	0	0	1,201,122	6,257,734
Public Works	124,228	3,751,293	0	0	0	4,619,669	8,495,190
Health	193,906	0	0	0	0	1,209,488	1,403,394
Human Services	239,964	0	5,022,628	2,109,874	4,804,535	5,104,983	17,281,984
Conservation and Recreation	346,400	0	0	0	0	59,517	405,917
Economic Development and Assistance	0	0	0	0	0	189,351	189,351
Urban Redevelopment and Housing	0	0	0	0	0	376,316	376,316
<b>Debt Service:</b>							
Principal Retirement	36,056	0	0	0	0	385,000	421,056
Interest and Fiscal Charges	2,163	0	0	0	258,957	337,127	598,247
<b>Total Expenditures</b>	<b>12,426,674</b>	<b>3,751,293</b>	<b>5,022,628</b>	<b>2,109,874</b>	<b>5,063,492</b>	<b>14,577,712</b>	<b>42,951,673</b>
Excess of Revenues Over (Under) Expenditures	2,526,134	267,007	(350,645)	26,875	(4,637,906)	(3,937,205)	(6,105,740)
<b>Other Financing Sources (Uses)</b>							
Proceeds from Notes	0	0	0	0	9,500,000	0	9,500,000
Proceeds from Sale of Capital Assets	71,575	0	0	0	0	0	71,575
Transfers In	0	0	0	0	0	3,940,694	3,940,694
Transfers Out	(3,146,852)	0	(91,397)	0	(1,200,000)	(702,445)	(5,140,694)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,075,277)</b>	<b>0</b>	<b>(91,397)</b>	<b>0</b>	<b>8,300,000</b>	<b>3,238,249</b>	<b>8,371,575</b>
<b>Net Change in Fund Balances</b>	<b>(549,143)</b>	<b>267,007</b>	<b>(442,042)</b>	<b>26,875</b>	<b>3,662,094</b>	<b>(698,956)</b>	<b>2,265,835</b>
Fund Balances at Beginning of Year - Restated - See Note 19	3,393,913	971,612	1,384,919	2,093,843	562,507	8,045,760	16,452,554
Increase (Decrease) in Reserve for Inventory	(22,631)	0	(2,431)	4,106	0	0	(20,956)
<b>Fund Balances at End of Year</b>	<b>\$2,822,139</b>	<b>\$1,238,619</b>	<b>\$940,446</b>	<b>\$2,124,824</b>	<b>\$4,224,601</b>	<b>\$7,346,804</b>	<b>\$18,697,433</b>

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  
For the Year Ended December 31, 2005*

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Net Change in Fund Balances - Total Governmental Funds: \$2,265,835

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

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

Capital Outlay	10,077,620	
Depreciation	(2,979,485)	
Total	7,098,135	7,098,135

In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the gross proceeds of the sale of capital assets are reported. Thus, the change in net assets differs from the change in fund balance by the book value of the disposed capital assets. (24,821)

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

Property Taxes	573,056	
Charges for Services	(7,909)	
Intergovernmental Revenue	(120,745)	
Interest Income	(42,454)	
Miscellaneous Income	(12,022)	
Total	389,926	389,926

Principal payments of long-term debt are reported as expenditures in the governmental funds, but reduces long liabilities in the statement of net assets.

Proceeds for Notes	(9,500,000)	
Principal Payments	421,056	
Total	(9,078,944)	(9,078,944)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (264,221)

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.

Reserved for Inventory	(20,956)	
Compensated Absences	(102,540)	
Total	(123,496)	(123,496)

Change in Net Assets of Governmental Activities \$262,414

See the accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP) and Actual*  
*General Fund*  
*December 31, 2005*

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$2,730,500	\$2,300,000	\$2,574,380	\$274,380
Intergovernmental	9,275,225	9,837,952	9,025,386	(812,566)
Investment Income	615,000	679,392	678,185	(1,207)
Licenses and Permits	160,720	146,616	136,092	(10,524)
Fines and Forfeitures	182,000	184,485	168,313	(16,172)
Charges for Services	1,873,635	1,866,212	2,190,876	324,664
Miscellaneous	173,920	257,692	178,866	(78,826)
Total Revenue	15,011,000	15,272,349	14,952,098	(320,251)
Expenditures:				
Current:				
General Government:				
Legislative and Executive	4,518,746	4,619,257	4,512,441	106,816
Judicial	2,169,763	2,277,517	2,216,802	60,715
Public Safety	5,328,244	5,334,980	5,223,460	111,520
Public Works	421,898	183,941	157,497	26,444
Health	239,909	244,909	234,593	10,316
Human Service	329,299	271,357	242,255	29,102
Conservation and Recreation	9,000	352,764	346,400	6,364
Debt Service:				
Principal	34,015	70,071	36,056	34,015
Interest and Fiscal Charges	4,204	6,367	2,163	4,204
Total Expenditures	13,055,078	13,361,163	12,971,667	389,496
Excess of Revenues Over (Under) Expenditures	1,955,922	1,911,186	1,980,431	69,245
Other Financing Sources (Uses):				
Proceeds from the sale of capital assets	239,909	0	71,575	71,575
Advances In	49,000	0	22,638	22,638
Transfers In	40,000	0	787,659	787,659
Transfers Out	(3,050,000)	(3,147,266)	(3,146,852)	414
Total Other Financing Sources	(2,721,091)	(3,147,266)	(2,264,980)	882,286
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(765,169)	(1,236,080)	(284,549)	951,531
Fund Balances at Beginning of Year	948,539	948,539	948,539	0
Prior Year Encumbrances Appropriated	645,473	645,473	645,473	0
Fund Balances (Deficit) at End of Year	\$828,843	\$357,932	\$1,309,463	\$951,531

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
Auto and Gas Fund  
December 31, 2005*

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$3,620,000	\$3,620,000	\$3,764,475	\$144,475
Investment Income	25,000	25,000	0	(25,000)
Fines and Forfeitures	125,000	125,000	58,253	(66,747)
Charges for Services	202,000	202,000	112,244	(89,756)
Miscellaneous	20,000	20,000	71,256	51,256
Total Revenue	<u>3,992,000</u>	<u>3,992,000</u>	<u>4,006,228</u>	<u>14,228</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	4,128,592	4,283,986	3,817,277	466,709
Total Expenditures	<u>4,128,592</u>	<u>4,283,986</u>	<u>3,817,277</u>	<u>466,709</u>
Excess of Revenues Over (Under) Expenditures	(136,592)	(291,986)	188,951	480,937
<b>Other Financing Sources (Uses)</b>				
Transfers In	50,000	50,000	0	(50,000)
Total Other Financing Sources	50,000	50,000	0	(50,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(86,592)	(241,986)	188,951	430,937
Fund Balances at Beginning of Year	60,833	301,342	301,342	0
Prior Year Encumbrances Appropriated	<u>28,346</u>	<u>28,346</u>	<u>28,346</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>\$2,587</u></u>	<u><u>\$87,702</u></u>	<u><u>\$518,639</u></u>	<u><u>\$430,937</u></u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP) and Actual*  
*Board of MRDD Fund*  
*December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$2,650,000	\$2,650,000	\$2,730,327	\$80,327
Intergovernmental	1,578,521	1,448,143	1,491,546	43,403
Charges for Services	389,669	148,000	150,537	2,537
Miscellaneous	23,452	298,000	286,343	(11,657)
Total Revenue	<u>4,641,642</u>	<u>4,544,143</u>	<u>4,658,753</u>	<u>114,610</u>
Expenditures:				
Current:				
Human Service	5,840,261	5,840,261	5,047,748	792,513
Total Expenditures	<u>5,840,261</u>	<u>5,840,261</u>	<u>5,047,748</u>	<u>792,513</u>
Excess of Revenues Over (Under) Expenditures	(1,198,619)	(1,296,118)	(388,995)	907,123
Other Financing Sources (Uses)				
Transfers Out	(91,397)	(91,397)	(91,397)	0
Total Other Financing Sources	(91,397)	(91,397)	(91,397)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(1,290,016)	(1,387,515)	(480,392)	907,123
Fund Balances at Beginning of Year	1,358,931	1,358,931	1,358,931	0
Prior Year Encumbrances Appropriated	30,727	30,727	30,727	0
Fund Balances (Deficit) at End of Year	<u>\$99,642</u>	<u>\$2,143</u>	<u>\$909,266</u>	<u>\$907,123</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
Children Services Fund  
December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,100,000	\$1,100,000	\$1,128,352	\$28,352
Intergovernmental	875,000	875,000	873,761	(1,239)
Charges for Services	216,000	216,000	176,467	(39,533)
Miscellaneous	13,000	13,000	26,291	13,291
Total Revenue	<u>2,204,000</u>	<u>2,204,000</u>	<u>2,204,871</u>	<u>871</u>
Expenditures:				
Current:				
Human Service	2,362,868	2,362,868	2,155,912	206,956
Total Expenditures	<u>2,362,868</u>	<u>2,362,868</u>	<u>2,155,912</u>	<u>206,956</u>
Excess of Revenues Over (Under) Expenditures	(158,868)	(158,868)	48,959	207,827
Fund Balances at Beginning of Year	1,962,076	1,962,076	1,962,076	0
Prior Year Encumbrances Appropriated	<u>112,368</u>	<u>112,368</u>	<u>112,368</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$1,915,576</u>	<u>\$1,915,576</u>	<u>\$2,123,403</u>	<u>\$207,827</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Net Assets*  
*Proprietary Funds*  
*December 31, 2005*

	Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,766,463	\$576,595	\$4,343,058
Cash and Cash Equivalents with Fiscal Agents	15,922	23,285	39,207
Receivables:			
Accounts	212,312	216,664	428,976
Special Assessments	711,669	0	711,669
Due from Other Governments	0	216,884	216,884
Prepaid Items	446	15,198	15,644
Materials and Supplies Inventory	0	20,154	20,154
Unamortized Bond Issue Costs	6,672	0	6,672
<b>Total Current Assets</b>	<b>4,713,484</b>	<b>1,068,780</b>	<b>5,782,264</b>
Nondepreciable Capital Assets	201,000	4,526	205,526
Capital Assets, Net of Accumulated Depreciation	14,976,394	1,209,835	16,186,229
<b>Total Assets</b>	<b>\$19,890,878</b>	<b>\$2,283,141</b>	<b>\$22,174,019</b>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$290,296	\$146,443	\$436,739
Accrued Wages	18,067	145,308	163,375
Compensated Absences Payable	40,699	128,638	169,337
Due to Other Governments	11,761	67,931	79,692
Deposits Held and Due to Others	15,822	23,285	39,107
Accrued Interest Payable	107,792	0	107,792
Bonds and Notes Payable	5,526,893	0	5,526,893
<b>Total Current Liabilities</b>	<b>6,011,330</b>	<b>511,605</b>	<b>6,522,935</b>
Long-Term Liabilities:			
Revenue Bonds Payable	815,000	0	815,000
OWDA Loan Payable	925,283	0	925,283
<b>Total Long-Term Liabilities</b>	<b>1,740,283</b>	<b>0</b>	<b>1,740,283</b>
<b>Total Liabilities</b>	<b>7,751,613</b>	<b>511,605</b>	<b>8,263,218</b>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	7,910,218	1,214,361	9,124,579
Unrestricted	4,229,047	557,175	4,786,222
<b>Total Net Assets</b>	<b>\$12,139,265</b>	<b>\$1,771,536</b>	<b>\$13,910,801</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2005*

	Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<u>Operating Revenues</u>			
Charges for Services	\$1,978,091	\$2,836,411	\$4,814,502
Special Assessments	223,327	0	223,327
Intergovernmental Revenue	0	2,419,964	2,419,964
Other Operating Revenues	175,656	21,976	197,632
Total Operating Revenues	<u>2,377,074</u>	<u>5,278,351</u>	<u>7,655,425</u>
<u>Operating Expenses</u>			
Personal Services	652,387	3,554,369	4,206,756
Contractual Services	370,173	973,957	1,344,130
Materials and Supplies	132,131	421,468	553,599
Other Operating Expenses	43,422	66,588	110,010
Depreciation	398,947	50,786	449,733
Total Operating Expenses	<u>1,597,060</u>	<u>5,067,168</u>	<u>6,664,228</u>
Operating Income (Loss)	<u>780,014</u>	<u>211,183</u>	<u>991,197</u>
<u>Non-operating Revenues (Expenses)</u>			
Tap-In Fees	42,035	0	42,035
Loss on Disposal of Capital Assets	(1,334)	(1,800)	(3,134)
Interest Revenue	140,503	0	140,503
Interest and Fiscal Charges	(249,877)	0	(249,877)
Other Non-Operating Revenue	0	14,958	14,958
Total Non-Operating Revenues (Expenses)	<u>(68,673)</u>	<u>13,158</u>	<u>(55,515)</u>
Income before Transfers	<u>711,341</u>	<u>224,341</u>	<u>935,682</u>
Transfers In	<u>0</u>	<u>1,200,000</u>	<u>1,200,000</u>
Change in Net Assets	711,341	1,424,341	2,135,682
Net Assets at Beginning of Year - Restated - See Note 19	<u>11,427,924</u>	<u>347,195</u>	<u>11,775,119</u>
Net Assets at End of Year	<u>\$12,139,265</u>	<u>\$1,771,536</u>	<u>\$13,910,801</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2005

	Enterprise Funds			Governmental Activities - Internal Service Fund
	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 for Services	\$2,202,536	\$2,619,747	\$4,822,283	\$0
Cash Received from Other Governments	0	2,550,662	2,550,662	0
Cash Received from Other Operating Sources	175,210	21,976	197,186	2,423
Net Change in Deposits	3,119	(1,630)	1,489	0
Cash Payments to Suppliers for Goods and Services	(344,683)	(1,325,616)	(1,670,299)	0
Cash Payments to Employees for Services	(683,613)	(3,494,640)	(4,178,253)	(95,912)
Cash Payment for Other Services	(43,422)	(66,588)	(110,010)	(757,659)
Net Cash Provided by (Used in) Operating Activities	<u>1,309,147</u>	<u>303,911</u>	<u>1,613,058</u>	<u>(851,148)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Tap-In Fees	42,035	0	42,035	0
Transfers In	0	1,200,000	1,200,000	0
Transfers Out	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>42,035</u>	<u>1,200,000</u>	<u>1,242,035</u>	<u>0</u>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>				
Principal Payments - Bonds	(656,044)	(1,200,000)	(1,856,044)	0
Proceeds from Issuance of Bonds	4,850,000	0	4,850,000	0
Unamortized Bond Issuance Premium	12,859	0	12,859	0
Payments for Capital Acquisitions	(3,075,514)	(28,631)	(3,104,145)	0
Interest Paid	(155,805)	0	(155,805)	0
Net Cash Provided by Capital and Related Financing Activities	<u>975,496</u>	<u>(1,228,631)</u>	<u>(253,135)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>				
Interest	140,503	0	140,503	0
Net Cash Provided by Investing Activities	<u>140,503</u>	<u>0</u>	<u>140,503</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,467,181	275,280	2,742,461	(851,148)
Cash and Cash Equivalents Beginning of Year	<u>1,315,204</u>	<u>324,600</u>	<u>1,639,804</u>	<u>851,148</u>
Cash and Cash Equivalents End of Year	<u>\$3,782,385</u>	<u>\$599,880</u>	<u>\$4,382,265</u>	<u>\$0</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$780,014	\$211,183	\$991,197	\$0
Adjustments:				
Net Cash from Operating Activities:				
Depreciation Expense	398,947	50,786	449,733	0
(Increase) Decrease in Assets:				
Accounts Receivable	(18,649)	(216,664)	(235,313)	0
Special Assessments Receivable	19,767	0	19,767	0
Due from Other Governments	(446)	130,698	130,252	0
Materials and Supplies Inventory	0	35,959	35,959	0
Prepaid Items	0	(15,198)	(15,198)	0
Increase (Decrease) in Liabilities:				
Accounts Payable	157,621	49,048	206,669	0
Accrued Wages and Benefits	(13,383)	46,221	32,838	0
Compensated Absences Payable	(21,336)	(24,384)	(45,720)	0
Due to Other Funds	0	0	0	(851,148)
Due to Other Governments	3,493	37,892	41,385	0
Deposits Held for Others	3,119	(1,630)	1,489	0
Total Adjustments	<u>529,133</u>	<u>92,728</u>	<u>621,861</u>	<u>(851,148)</u>
Net Cash Provided by Operating Activities	<u>\$1,309,147</u>	<u>\$303,911</u>	<u>\$1,613,058</u>	<u>(\$851,148)</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2005*

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$174,028	\$4,276,547
Cash and Cash Equivalents with Fiscal Agents	0	549,903
Receivables:		
Taxes	0	42,553,384
Accounts	0	140,935
Special Assessments	0	426,473
Accrued Interest	804	0
Intergovernmental	<u>0</u>	<u>1,438,336</u>
 Total Assets	 <u><u>\$174,832</u></u>	 <u><u>\$49,385,578</u></u>
<u>Liabilities</u>		
Accounts Payable	\$0	\$82,591
Due to Other Governments	0	2,637,785
Undistributed Monies	0	46,665,202
Claims and Judgments Payable	<u>82,493</u>	<u>0</u>
 Total Liabilities	 <u><u>82,493</u></u>	 <u><u>49,385,578</u></u>
<u>Net Assets</u>		
Restricted for:		
Reserved for Veterans	70,787	0
Unrestricted:		
Undesignated	<u>21,552</u>	<u>0</u>
 Total Net Assets	 <u><u>\$92,339</u></u>	 <u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2005*

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	<u>Private Purpose Trust Fund</u>
<u>Additions</u>	
Investment Income	<u>\$2,641</u>
Total Additions	<u>\$2,641</u>
<u>Deductions</u>	
Other Operating Expense	<u>6,148</u>
Total Deductions	<u>6,148</u>
Change in Net Assets	(3,507)
Total Net Assets at Beginning of Year	<u>95,846</u>
Total Net Assets at End of Year	<u><u>\$92,339</u></u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2005*

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**NOTE 1 -- DESCRIPTION OF THE ENTITY AND 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.

**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. Components units may also include organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt, or the levying of their taxes.

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

***DISCRETELY PRESENTED COMPONENT UNIT***

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

**NOTE 1 -- DESCRIPTION OF THE ENTITY AND REPORTING ENTITY (CONTINUED)**

***JOINTLY GOVERNED ORGANIZATIONS***

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the CORSA. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

***RELATED ORGANIZATIONS***

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

***EXCLUDED POTENTIAL COMPONENT UNITS***

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

In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent and custodian, but does not exercise primary oversight responsibility; accordingly the following have been excluded from the County's 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 financial statements of the County of Logan, Ohio (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB No. 20 the County has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities. Election of this approach to accounting for proprietary activities by the County has required no change from prior years. The more significant of the County's accounting policies are described below:

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. BASIS OF PRESENTATION**

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

Government-wide Financial Statements

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

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

Fund Financial Statements

During the year, the County segregates transactions related to certain County programs or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detailed 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, MRDD Fund, Children Services Fund, and Capital Improvement Fund are the County's major governmental funds:

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

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. FUND ACCOUNTING (CONTINUED)**

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

Mental Retardation/Developmentally Disabilities (MRDD) Fund - The MRDD Fund is used to account for a County-wide property tax levy, State grants and reimbursements used for care and services for the mentally handicapped and retarded.

Children Services Fund - The Children Services Fund is used to account for a County-wide property tax levy, State grants and reimbursements used for County child care programs.

Capital Improvement Fund - The Capital Improvement Fund is used to account for the revenues and expenditures necessary in the acquisition of construction or the County's major capital assets.

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 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 FOR sound financial administration. Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

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

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

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

Internal Service Funds - Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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 Stewart Fund) is a private trust fund recorded as part of the Fiduciary funds activities because the fund does not support any of the County's programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**D. BASIS OF ACCOUNTING**

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

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.

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. BASIS OF ACCOUNTING (CONTINUED)**

Deferred Revenue

Deferred revenues, as reported on the balance sheet, arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes that are measurable as of December 31, 2005, but are intended to finance 2005 operations, and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenue. Also non-exchange receivables have been deferred, such as, gasoline taxes, motor vehicle license fees, homestead and rollback, permissive license taxes, local government funds and CDBG, MRDD, VOCA, and other small grants. Revenue sources not susceptible to accrual include dog and vendor licenses, donations and some fines and forfeitures.

Expenses/Expenditures

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

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

**E. BUDGET**

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

**Estimated Resources:**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the County Auditor by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2005.

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. BUDGET (CONTINUED)**

**Appropriations:**

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an approval by at least two Commissioners. Several supplemental appropriation resolutions were legally enacted by the Commissioners during the year and were considered routine. The budget figures, which appear in the statement of budgetary comparisons, present the original and final appropriation amounts including all amendments and modifications.

**Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures.

**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 Equivalent with Fiscal Agents" to be all cash, deposits, and investments not held by the County Treasurer or in the County's investment pool. The County Treasurer, by statute, invests all short-term cash surpluses. The residual investments are reported on the balance sheet as "Equity in Pooled Cash and Investments". Interest income was credited to the General, LUC Regional Planning Commission, Jail Construction, and the Chase Stewart Private Purpose Trust Funds. Interest income earned by these funds in 2005 totaled \$1,127,185. Investments are reported at fair value (See Note 4). All coupon-bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight-line method; discounts are not amortized.

**G. INVENTORIES**

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

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first in, first out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2005 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 governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$500 dollars. Public domain ("infrastructure") general capital assets consisting of roads and bridges have been capitalized under new requirements of the Governmental Accounting Standards Board. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	15-20 years	15-20 years
Buildings and Improvements	50 years	50 years
Furniture and Equipment	10 years	10 years
Vehicles	5 years	5 years
Water Pollution Control Infrastructure		70 years
Roads	15 years	
Road base	0 years	
Bridges	75 years	

**J. INTERFUND BALANCES**

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

**K. COMPENSATED ABSENCES**

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

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. COMPENSATED ABSENCES (CONTINUED)**

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 absences 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).

**L. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**M. FUND BALANCE RESERVES**

The County reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, advances, and inventories of supplies and materials.

**N. NET ASSETS**

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

**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. NET ASSETS (CONTINUED)**

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

**O. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are water pollution control and county home resident charges for services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**P. CONTRIBUTION OF CAPITAL**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grant or outside contributions of resources restricted to capital acquisition and construction.

**Q. INTERFUND ACTIVITY**

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

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

**R. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of County and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

**S. ESTIMATES**

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

**NOTE 3 -- BUDGET BASIS OF ACCOUNTING**

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

The Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget (Non-GAAP) 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).

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 3 -- BUDGET BASIS OF ACCOUNTING (CONTINUED)**

- (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 as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis for the General Fund and Major Special Revenue Funds are as follows:

	Net Change in Fund Balance			
	General Fund	Auto and Gas Fund	MRDD Fund	Children Services Fund
Budget Basis	(\$284,549)	\$188,951	(\$480,392)	\$48,959
Adjustments:				
Revenue Accruals:				
Accrued 2004				
Received in Cash 2005	(955,828)	(293,985)	(187,110)	(122,571)
Accrued 2005				
Not yet Received in Cash	902,788	306,057	200,339	54,449
Expenditure Accruals:				
Accrued 2005				
Not yet Paid in Cash	(1,403,561)	(237,209)	(219,184)	(134,925)
Accrued 2004,				
Paid in Cash 2005	642,313	118,582	203,596	106,616
Encumbrances	527,056	184,611	40,709	74,347
Advances	22,638	0	0	0
GAAP Basis	<u>(\$549,143)</u>	<u>\$267,007</u>	<u>(\$442,042)</u>	<u>\$26,875</u>

**NOTE 4 -- DEPOSITS AND INVESTMENTS**

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

**Logan County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2005*

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**NOTE 4 -- DEPOSITS AND INVESTMENTS (CONTINUED)**

Interim monies may be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. 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 bankers' acceptances 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 (1) or (2) of this section or cash or both securities and cash, equal value for equal value.

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 had \$8,000 in undeposited cash on hand, which is included in the financial statements as "Equity in Pooled Cash and Investments"

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 4 -- DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Deposits with Financial Institutions**

At year-end, the carrying amount of the County's deposits was \$24,729,641. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of December 31, 2005, \$1,246,224 of the County's bank balance of \$24,483,141 was covered by the Federal Deposit Insurance Corporation, while \$23,236,917 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the County's deposits may not be returned.

Protection of the County's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, all financial institutions must collateralize all public deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the County.

**C. Investments**

As of December 31, 2005, the County had the following investment and maturities:

<u>Investment Type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
Repurchase Agreement - Union Banking	\$200,000	\$200,000	\$0	\$0	\$0
Federal Home Loan Bank	1,343,346	0	98,656	0	1,244,690
Federal National Mortgage Association	667,284	0	0	0	667,284
Government National Mortgage Association	221,337	0	0	0	221,337
	<u>\$2,431,967</u>	<u>\$200,000</u>	<u>\$98,656</u>	<u>\$0</u>	<u>\$2,133,311</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the County's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The County's investments were rated AAA by Standard & Poor's.

*Concentration of Credit Risk:* 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, 2005:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase Agreement - Union Bank	\$200,000	8.22
U.S. Treasury Bills	1,343,346	55.24
Federal Agency Securities	667,284	27.44
Governmental Agency Securities	221,337	9.10
	<u>\$2,431,967</u>	<u>100.00</u>

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 4 -- DEPOSITS AND INVESTMENTS (CONTINUED)**

**D. Reconciliation of Cash and Investments to the Statements of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$25,317,150
Investments	2,431,967
Cash on Hand	9,600
Total	\$27,758,717
<u>Cash and Investments per Statement of Net Assets</u>	
Governmental and Business-Type Activities	\$22,758,239
Private-purpose trust funds	174,028
Agency funds	4,826,450
Total	\$27,758,717

**NOTE 5 -- INTERFUND TRANSACTIONS**

A. The following is a summarized breakdown of the County's operating transfers for 2005.

<u>Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$3,146,852
Major Special Revenue Fund:		
MRDD	0	91,397
Total Major Special Revenue Fund	0	91,397
Major Capital Projects Fund:		
Logan Acres Construction	0	1,200,000
Total Major Capital Projects Fund	0	1,200,000
Non-Major Special Revenue Funds:		
Dog and Kennel	10,000	0
Public Assistance	204,542	0
Victim Witness Assistance	16,200	0
Road and Bridge Tax	2,472,931	0
Litter Prevention and Recycling	135,983	0
Workforce Development	0	17,133
Mediation	19,139	0
Logan County Solid Waste Disposal	0	385,983
Alternate Dispute	0	19,139
MRDD Community Support	91,397	0
Long Term Environment	250,000	0
Emergency Management	23,002	0
Total Non-Major Special Revenue Funds	\$3,223,194	\$422,255

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 5 -- INTERFUND TRANSACTIONS (CONTINUED)**

	Transfers In	Transfers Out
Non-Major Debt Service Funds:		
Engineer Bond Retirement	\$113,457	\$0
Jail Bond Retirement	547,305	0
County Water and Sewer Bond Retirement	54,628	0
Permanent Imp and Ditch Bond Retirement	2,110	0
Bond Retirement - ED Fry	0	2,110
Total Non-Major Debt Service Funds	717,500	2,110
Non-Major Capital Projects Fund:		
Jail Construction	0	278,080
Total Non-Major Capital Projects Fund	0	278,080
Total Other Governmental Funds	3,940,694	702,445
Enterprise Funds:		
Logan Acres Home	1,200,000	0
Total Enterprise Funds	1,200,000	0
Totals	\$5,140,694	\$5,140,694

Transfers were made from the General Fund to provide funds for operating and debt retirement purposes. A transfer was made from the MRDD Fund to the MRDD Community Support Fund to provide the County's match of operating funds for the Community Support program administered by the Board of MRDD. A transfer was made from the Workforce Development Fund to the Public Assistance Fund to reimburse it for funds provided in a prior year for the establishment and operations of the fund during its initial stages. A transfer was made from the Solid Waste Fund to the Litter Prevention and Recycling Fund as the County's match of operating funds for the Litter program administered by the Solid Waste District. Transfers were made from the Solid Waste District to the Solid Waste District's Escrow Fund for payment of expenses for repairs of damages incurred during a severe ice storm. A transfer was made from the Alternate Dispute Fund to the Mediation Fund as per a judgment issued by the Court of Common Pleas. A transfer was made from the Bond Retirement – EB Fry Fund to the Permanent Improvement and Ditch Bond Retirement Fund for the closure of a related construction project with monies remaining from the project.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 6 -- ADVANCES**

A. The following interfund payables and receivables are due at December 31, 2005:

<u>Funds:</u>	<u>Advances To</u>	<u>Advances From</u>
General Fund	\$153,392	\$0
Non-Major Special Revenue Funds:		
Traffic Overtime Grant	0	6,379
P/J Dom Spec Prof	12,507	0
Family Drug Court	0	12,507
Brynne Memorial Grant	0	7,000
Felony Delq. Care and Custody	7,000	0
One Stop Shop	0	70,000
Total Non-Major Special Revenue Funds	<u>19,507</u>	<u>95,886</u>
Non-Major Debt Service Fund:		
Permanent Improvement and Ditch Bond Retirement	37,558	0
McClure Bond Retirement	0	41,689
SouthFork Bond Retirement	0	11,383
Laughlin Bond Retirement	0	23,941
Total Non-Major Debt Service Fund	<u>37,558</u>	<u>77,013</u>
Non-Major Capital Projects Funds:		
Leach Ditch Construction	0	37,558
Total Non-Major Capital Projects Funds	<u>0</u>	<u>37,558</u>
Total Other Governmental Funds	<u>57,065</u>	<u>210,457</u>
Totals	<u><u>\$210,457</u></u>	<u><u>\$210,457</u></u>

**NOTE 7 -- RECEIVABLES**

Receivables at December 31, 2005, consisted primarily of sales taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The assessed value upon which the 2005 taxes were collected was \$857,571,600. The full tax rate for all County operations applied to real property for the year ended December 31, 2005 was \$2.50 per \$1,000 of assessed valuation.

Real property taxes for tax year 2005 are payable annually or semi-annually. If paid annually, payment is due February 10, 2005. If paid semi-annually, the first payment is due February 10, 2005 and the remainder payable by July 20, 2005. Under certain circumstances, state statute permits earlier or later payment dates to be established.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 7 – RECEIVABLES (CONTINUED)**

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

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

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectible) and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2005 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 30 days of 2005 are shown as 2005 revenue; the remainder are shown as "Deferred Revenue".

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

**Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

**Governmental Activities**

Local Government and Local Government Revenue Assistance	\$498,271
Homestead and Rollback	591,434
Permissive License	1,187,492
Voter Education and Poll Worker Training	13,348
Gasoline and Excise Tax	1,235,144
Auto Registration Fees	126,922
Motor Vehicle License Fees	761,532
Ohio Department of Public Safety	1,500
Ohio Department of Human Services	3,025
Health Department	380,000
CDBG Formula Grants	827,141
Housing Improvement Program Grants	131,650
Reclaim Ohio allocation Grant	92,803
Innovative Programs, Title V Grant	434
Citizen Corps Program Grant	12,300
Early Childhood Special Education, IDEA	41,753
Special Education, Part B-IDEA Grant	68,703
Children Services	22,619
VOCA and SVAA Grants	52,892
Community Correction Grant	22,489
Overtime Grant	4,461
Roadwork Development Fund	124,092
OCJS Grant #2004-DG-C01-7452	28,849
Homeland Security Grant	155,490
Total	<u><u>\$6,384,344</u></u>

**Logan County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2005*

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**NOTE 7 – RECEIVABLES (CONTINUED)**

	<u>Amounts</u>
<b>Business-Type Activities</b>	
Logan Acres - State Aid	<u>\$216,884</u>
Total	<u><u>\$216,884</u></u>
<b>Fiduciary Activities</b>	
Local Government and Local Government	
Revenue Assistance	\$582,861
Homestead and Rollback	56,690
Gasoline and Excise Tax	668,934
PH Infrastructure Grant	43,425
Women Infants Children Admin Grant	<u>86,426</u>
Total	<u><u>\$1,438,336</u></u>

**NOTE 8 -- INSURANCE**

The County is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters.

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

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

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 9 -- CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2005:

	Balance 12/31/04	Additions	Retirements	Balance 12/31/05
<b>Governmental Activities:</b>				
Land	\$4,104,446	\$0	\$0	\$4,104,446
Construction in Progress	0	5,771,767	0	5,771,767
Land Improvements	409,958	0	0	409,958
Buildings and Improvements	18,877,296	14,925	0	18,892,221
Equipment and Machinery	9,221,643	510,732	0	9,732,375
Vehicles	4,258,960	450,327	(188,322)	4,520,965
Infrastructure-Road and Bridges	47,410,614	3,329,869	0	50,740,483
Total Capital Assets	<u>84,282,917</u>	<u>10,077,620</u>	<u>(188,322)</u>	<u>94,172,215</u>
Less Accumulated Depreciation:				
Land Improvements	(155,510)	(12,476)	0	(167,986)
Buildings and Improvements	(3,793,647)	(348,033)	0	(4,141,680)
Equipment and Machinery	(6,214,799)	(305,857)	0	(6,520,656)
Vehicles	(2,478,528)	(602,801)	163,501	(2,917,828)
Infrastructure-Road and Bridges	(8,804,233)	(1,710,318)	0	(10,514,551)
Totals Accumulated Depreciation	<u>(21,446,717)</u>	<u>(2,979,485)</u>	<u>163,501</u>	<u>(24,262,701)</u>
Governmental Activities-Assets, Net	<u>\$62,836,200</u>	<u>\$7,098,135</u>	<u>(\$24,821)</u>	<u>\$69,909,514</u>
<b>Business-Type Activities:</b>				
<b>Water Pollution Control Capital Assets:</b>				
Land	\$201,000	\$0	\$0	\$201,000
Land Improvements	191,917	0	0	191,917
Buildings and Improvements	4,593,177	153,530	0	4,746,707
Equipment and Machinery	3,475,405	49,026	0	3,524,431
Vehicles	345,821	27,691	(26,685)	346,827
Infrastructure	13,695,719	2,845,267	0	16,540,986
Total Capital Assets	<u>22,503,039</u>	<u>3,075,514</u>	<u>(26,685)</u>	<u>25,551,868</u>
Less Accumulated Depreciation:				
Land Improvements	(3,152)	(9,425)	0	(12,577)
Buildings and Improvements	(4,002,376)	(129,666)	0	(4,132,042)
Equipment and Machinery	(3,073,177)	(51,401)	0	(3,124,578)
Vehicles	(337,549)	(34,629)	25,351	(346,827)
Infrastructure-Road and Bridges	(2,584,624)	(173,826)	0	(2,758,450)
Totals Accumulated Depreciation	<u>(10,000,878)</u>	<u>(398,947)</u>	<u>25,351</u>	<u>(10,374,474)</u>
Water Pollution Control Capital Assets, Net	<u>\$12,502,161</u>	<u>\$2,676,567</u>	<u>(\$1,334)</u>	<u>\$15,177,394</u>

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 9 -- CAPITAL ASSETS (CONTINUED)**

	Balance 12/31/04	Additions	Retirements	Balance 12/31/05
<b>Logan Acres County Home Capital Assets:</b>				
Land	\$4,526	\$0	\$0	\$4,526
Buildings and Improvements	1,106,997	0	0	1,106,997
Equipment and Machinery	495,760	28,632	0	524,392
Vehicles	78,248	0	(36,000)	42,248
Construction in Progress	754,299	0	0	754,299
Total Capital Assets	<u>2,439,830</u>	<u>28,632</u>	<u>(36,000)</u>	<u>2,432,462</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(878,596)	(7,607)	0	(886,203)
Equipment and Machinery	(282,018)	(7,632)	0	(289,650)
Vehicles	(40,901)	(35,547)	34,200	(42,248)
Totals Accumulated Depreciation	<u>(1,201,515)</u>	<u>(50,786)</u>	<u>34,200</u>	<u>(1,218,101)</u>
Logan Acres County Home Capital Assets, Net	<u>\$1,238,315</u>	<u>(\$22,154)</u>	<u>(\$1,800)</u>	<u>\$1,214,361</u>

Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	\$145,923
Judicial	47,034
Conversation and Recreation	7,020
Public Works	1,942,196
Public Safety	468,545
Human Services	300,867
Health	67,900
Total Depreciation Expense	<u>\$2,979,485</u>

**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, 2005, vested vacation and sick leave benefits for governmental activity type and business type activity employees totaled \$1,266,403 and \$169,337, respectively.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 11 -- DEBT OBLIGATIONS**

	Principal Balance 12/31/04	Additions	Retirements	Principal Balance 12/31/05	Amounts Due in One Year
<b>Governmental Activities:</b>					
Various Purpose Bonds, Series 2 Issued 11/01/02, 1.7% to 4.75%	\$7,925,000	\$0	\$385,000	\$7,540,000	\$390,000
Capital Facilities Note, 4% Issued 03/01/05, Matures 09/01/06	0	9,500,000	0	9,500,000	9,500,000
Capital Leases	36,056	0	36,056	0	0
Compensated Absences Payable	1,163,863	102,540	0	1,266,403	895,318
<b>Total Governmental Type Activities Debt</b>	<b>\$9,124,919</b>	<b>\$9,602,540</b>	<b>\$421,056</b>	<b>\$18,306,403</b>	<b>\$10,785,318</b>
<b>Business-Type Activities:</b>					
Sewer System Refunding Bonds Issued 11/13/2002, 1.7% to 3%	\$1,610,000	\$0	\$390,000	\$1,220,000	\$405,000
Sewer Special Assessment Bonds Issued 06/01/1986, 7.75%	310,000	0	155,000	155,000	155,000
O.W.D.A. Loan 07/23/1992, 5.2%	1,153,221	0	111,045	1,042,176	116,893
Sewer System Improvement Note Issued 07/07/05, 4.00%, Matures 07/06/06	0	4,850,000	0	4,850,000	4,850,000
Capital Facilities Note Issued 03/03/04, 1.4%	1,200,000	0	1,200,000	0	0
Compensated Absences Payable	215,056	0	45,719	169,337	169,337
<b>Total Business-Type Debt</b>	<b>\$4,488,277</b>	<b>\$4,850,000</b>	<b>\$1,901,764</b>	<b>\$7,436,513</b>	<b>\$5,696,230</b>

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

In March 2005, the County issued a \$9,500,000 capital facilities note in anticipation of the issuance of bonds to provide funds to pay costs of constructing a new County home. This note was issued at an interest rate of 4 percent with a maturity date of September 1, 2006.

In July 2005, the County issued a \$4,850,000 sewer system improvement note in anticipation of the issuance of bonds to provide funds to pay costs of constructing sanitary sewers and installing individual grinder pumping stations. This note was issued at an interest rate of 4 percent with a maturity date of July 6, 2006.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 11 -- DEBT OBLIGATIONS (CONTINUED)**

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

Various Purpose Bonds			
	Principal	Interest	Total
2006	\$390,000	\$319,803	\$709,803
2007	400,000	308,103	708,103
2008	415,000	295,503	710,503
2009	420,000	282,015	702,015
2010	445,000	267,735	712,735
2011-2015	2,310,000	1,076,865	3,386,865
2016-2020	2,145,000	571,450	2,716,450
2020-2025	1,015,000	72,913	1,087,913
<b>Total</b>	<b>\$7,540,000</b>	<b>\$3,194,385</b>	<b>\$10,734,385</b>

Sewer System Refunding Bonds			
	Principal	Interest	Total
2006	\$405,000	\$48,268	\$453,268
2007	35,000	36,118	71,118
2008	40,000	35,015	75,015
2009	40,000	33,715	73,715
2010	40,000	32,355	72,355
2011-2015	235,000	137,180	372,180
2016-2020	290,000	76,975	366,975
2020-2025	135,000	9,738	144,738
<b>Total</b>	<b>\$1,220,000</b>	<b>\$409,363</b>	<b>\$1,629,363</b>

Special Assessment Bonds			
	Principal	Interest	Total
2006	\$155,000	\$12,013	\$167,013
<b>Total</b>	<b>\$155,000</b>	<b>\$12,013</b>	<b>\$167,013</b>

OWDA Loan			
	Principal	Interest	Total
2006	\$116,893	\$52,693	\$169,586
2007	123,051	46,536	169,586
2008	129,533	40,054	169,586
2009	136,356	33,231	169,586
2010	143,538	26,048	169,586
2011-2015	392,805	31,160	423,965
<b>Total</b>	<b>\$1,042,176</b>	<b>\$229,721</b>	<b>\$1,271,897</b>

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

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**NOTE 11 -- DEBT OBLIGATIONS (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.

**NOTE 12 -- SEGMENT INFORMATION FOR BUSINESS TYPE ACTIVITY FUNDS**

The County maintains four Business Type Activity Enterprise Funds. The funds are used to account for the operations of the County's water pollution control system and to account for the operations of the County Home. Segment information for the year ended December 31, 2005 is as follows:

	Water Pollution Control Fund	County Home Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating Revenue	\$2,377,074	\$5,278,351	\$7,655,425
Operating Expenses before Depreciation	\$1,198,113	\$5,016,382	\$6,214,495
Depreciation Expense	\$398,947	\$50,786	\$449,733
Operating Income	\$780,014	\$211,183	\$991,197
Net Income before Transfers	\$711,341	\$224,341	\$935,682
Transfers In	\$0	\$1,200,000	\$1,200,000
Transfers Out	\$0	\$0	\$0
Change in Net Assets	\$711,341	\$1,424,341	\$2,135,682
Net Working Capital	(\$1,297,846)	\$557,175	(\$740,671)
Capital Asset Additions	\$3,075,514	\$28,631	\$3,104,145
Capital Assets (Net of Accumulated Depreciation)	\$15,177,394	\$1,214,361	\$16,391,755
Debt :			
Due Within One Year - Bonds & Notes	\$5,526,893	\$0	\$5,526,893
Due More than One Year - Bonds & Notes	\$1,740,283	\$0	\$1,740,283
Total Assets	\$19,890,878	\$2,283,141	\$22,174,019
Total Net Assets	\$12,139,265	\$1,771,536	\$13,910,801

**NOTE 13 -- DEFINED BENEFIT PENSION PLANS**

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

**Ohio Public Employees Retirement System (OPERS)** - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan (TP) is a cost-sharing multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The Combined Plan (CO) is a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement and disability, survivor and death benefits and annual cost of living adjustments to the Traditional Plan and Combined Plans. Members of the Member-Director Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

OPERS issues a stand alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005 member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The 2005 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police contributed 10.1%. Public safety division members contributed at 9%. The 2005 local government employer contribution rate was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate was 16.7% of covered payroll. The County's contributions for pension obligations to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$2,638,611, \$2,682,869, and \$2,533,185; respectively; 88.39% representing the paid contribution for 2005 and 100% for 2004 and 2003. \$306,211 representing the unpaid contribution for 2005, is recorded as an expenditure to the individual funds that incurred the costs.

**State Teachers Retirement System (STRS)** - Certified teachers employed by the school for the Mentally Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in part, by the state or any political subdivision thereof.

**Plan Options** – Effective July 1, 2001, two new plan options were offered to selected members. New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member allocates member contributions, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**NOTE 13 -- DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

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

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. The reemployed member and employer make contributions during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount.

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

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

**NOTE 13 -- DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Plan members were required to contribute 10 percent of their annual covered salary through June 30, 2005 and the County is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2005, 2004, and 2003 were \$118,491, \$115,711, and \$117,088, respectively; 96.24% has been contributed for 2005 and 100% for the years 2004 and 2003. \$4,457 representing the unpaid contribution for 2005 is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available financial report. Additional information or copies of STRS Ohio's 2005 *Comprehensive Annual Financial Report* may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by visiting the STRS Ohio Web site [www.strsoh.org](http://www.strsoh.org).

**NOTE 14 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio Service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. The 2005 employer contribution rate for local government employers was 13.55% of covered payroll, and 4.00% was used to fund health care for the year. For both public safety and law enforcement divisions, the 2005 employer rate was 16.70% and 4.00% was used to fund health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

**Actuarial Review**--The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2004.

**Funding Method**--An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

**Assets Valuation Method**-- All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

**Investment Return**--The investment assumption rate for 2004 was 8.0%.

**Active Employee Total Payroll**-- An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.50% to 6.30%.

**NOTE 14 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**Health Care--** Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEB are advance-funded on an actuarially determined basis. At year-end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The County's contribution to fund post employment benefits was \$771,111.

The amount of \$10.8 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2004. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which allow additional funds to be allocated to the health care plan.

**State Teachers Retirement System** - The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certificated employees and their dependents through the Ohio Public Employees Retirement System (OPERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare B premiums. Pursuant to the Revised Code (R. C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefits recipients pay a portion of the health care costs in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. Through June 30, 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$9,115 for the ended December 31, 2005.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.3 billion at June 30, 2005. For fiscal year June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

**NOTE 15 -- DEFERRED COMPENSATION PLAN**

Logan 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 Financial Statements*  
*For the Year Ended December 31, 2005*

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**NOTE 16 -- COMPONENT UNIT'S CONDENSED FINANCIAL STATEMENTS**

	<u>Ross Training Center</u>
Revenues	\$676,835
Expenditures	<u>(604,945)</u>
Excess (deficiency) of revenue over (under) expenditures	71,890
Interest Income - Operating	330
Dividends and Capital Gains	117
Unrealized Gain on Investments	37,657
Gain on Sale of Assets	<u>2,143</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u><u>\$112,137</u></u>

**NOTE 17 -- RELATED PARTY TRANSACTIONS**

RTC Industries, Inc. – RTC Industries Inc., a discretely presented component unit of Logan County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and expenses at cost or fair market value as applicable, in the financial statements of the Corporation. In 2005, these contributions were \$20,437.

**NOTE 18 -- 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.

**Logan County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2005

**NOTE 19 -- RESTATEMENT OF PRIOR YEAR NET ASSETS/FUND BALANCES/NEW GASB PRONOUNCEMENTS**

**Restatements**

It was determined the HAZMAT and Sheriff's Policing funds were no longer business-type activities. Therefore, the beginning balances have been reclassified to special revenue type funds. The reclassification of these funds has the following effect on beginning net assets/fund balances.

	Non-Major Governmental Funds	Non-Major Enterprise Funds	Governmental Activities	Business- Type Activities
Fund Balances/Net Assets, December 31, 2004*	\$7,981,711	\$92,471	\$75,462,132	\$11,867,590
Fund Reclassification	64,049	(64,049)	92,471	(92,471)
Capital Assets from Fund Reclassification				
Eliminated from Governmental Funds	0	(28,422)	0	0
Restated Fund Balances/Net Assets, January 1, 2005	<u>\$8,045,760</u>	<u>\$0</u>	<u>\$75,554,603</u>	<u>\$11,775,119</u>

\*The Capital Improvement Fund is a major fund in 2005, thus its 2004 ending fund balance of \$562,507 is not included in the non-major governmental funds figure above.

**Change in Accounting Principle**

For the year ended December 31, 2005, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and GASB Technical Bulletin No. 2004-02, *Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liability by Cost-Sharing Employers*. GASB 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of GASB Statements No. 41 and 40 had no effect on the County's financial statements.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other post-employment benefit (OPEB) plans. The implementation of this bulletin had no effect on the County's beginning fund balances.

**Logan County**  
*Schedule of Federal Awards Expenditure*  
*For the Year Ended December 31, 2005*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U. S. Department of Agriculture</b>				
<i>Passed through the Ohio Department of Education</i>				
Nutrition Cluster				
School Breakfast Program	05PU 2003	10.553	\$5,686	\$5,686
National School Lunch Program	LLP1 2003	10.555	17,546	17,546
Total Nutrition Cluster			<u>23,232</u>	<u>23,232</u>
<b>Total U. S. Department of Agriculture</b>			<b>23,232</b>	<b>23,232</b>
<b>U. S. Department of Housing &amp; Urban Development</b>				
<i>Passed through the Ohio Department of Development</i>				
Community Development Block Grants				
2003 CHIP Grant	B-C-03-042-1	14.228	169,021	179,280
2003 Formula Grant	B-F-03-042-1	14.228	119,186	118,391
2004 Formula Grant	B-F-04-042-1	14.228	112,000	77,000
2004 Microenterprise Grant	B-M-04-042-1	14.228	25,000	25,000
Total Community Development Block Grant			<u>425,207</u>	<u>399,671</u>
Home Investment Partnership Program	B-C-03-042-2	14.239	1,725	1,725
<b>Total U. S. Department of Housing &amp; Urban Development</b>			<b>426,932</b>	<b>401,396</b>
<b>U. S. Department of Labor</b>				
<i>Passed through the Ohio Department of Job &amp; Family Services and Area 7 Workforce Investment Board</i>				
Workforce Investment Act Cluster				
Workforce Investment Act - Adult	(1)	17.258	32,673	74,697
Workforce Investment Act - Youth	(1)	17.259	75,058	53,250
Workforce Investment Act - Dislocated Worker	(1)	17.260	200,370	191,140
Workforce Investment Act - Reed Act	(1)	17.225	30,994	35,953
Total Workforce Investment Act Cluster			<u>339,095</u>	<u>355,040</u>
<b>Total U. S. Department of Labor</b>			<b>339,095</b>	<b>355,040</b>
<b>U.S. Environmental Protection Agency</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
Law Enforcement Overtime Grant	5026	20.600	24,622	24,444
Hazardous Material Emergency Preparedness Grant	(1)	20.703	1,610	1,101
<b>Total U.S. Environmental Protection Agency</b>			<b>26,232</b>	<b>25,545</b>
<b>U. S. Department of Justice</b>				
<i>Passed through the Ohio Attorney General's Office</i>				
Crime Victim Assistance	(1)	16.575	47,338	47,338
<i>Passed through the Ohio Department of Youth Services</i>				
Byrne Memorial Justice Assistance Grant	(1)	16.579	57,818	58,270
Juvenile Accountability Incentive Block Grant	(1)	16.523	25,671	25,169
<b>Total U. S. Department of Justice</b>			<b>130,827</b>	<b>130,777</b>
<b>Election Assistance Commission</b>				
<i>Passed through the Ohio Secretary of State</i>				
Help America Vote Act Requirements Payments	(1)	90.401	13,348	574
<b>Total Election Assistance Commission</b>			<b>13,348</b>	<b>574</b>

(Continued)

**Logan County**  
*Schedule of Federal Awards Expenditure*  
*For the Year Ended December 31, 2005*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>Department of Homeland Security</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
FY 2003 Community Emergency Response Team (CERT)	EMC-2003-GR-7066	97.054	1,642	820
Homeland Security Grant Cluster				
FY 2005 Emergency Management Performance Grant	2005-EM-T5-0001	97.042	28,786	70,692
FY 2003 Citizen Corps Program	2004-GC-T4-0025	97.053	0	1,209
FY 2003 State Homeland Security Program - Equipment	2003-TE-TX-0199	16.007	54,681	53,809
FY 2003 State Homeland Security Program - Planning & Admin	2003-MUP-30015	16.007	102	0
FY 2002 State Domestic Preparedness Program	2002-TE-CX-0106	16.007	1,701	1,621
FY 2004 State Homeland Security Program	2004-GE-T4-0025	97.004	135,133	118,658
Total Homeland Security Grant Cluster			220,403	245,989
<b>Total Department of Homeland Security</b>			<b>222,045</b>	<b>246,809</b>
<b>U.S. Department of Education</b>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster:				
Special Education - Grants to States	6BSF-2005	84.027	75,504	75,504
Special Education - Preschool Grants	PGS1-2005	84.173	57,911	57,911
Total Special Education Cluster			133,415	133,415
<b>Total U. S. Department of Education</b>			<b>133,415</b>	<b>133,415</b>
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
Title IV-E Foster Care	75-5-1545	93.658	9,536	0
<i>Passed through the Ohio Department of Health via the Columbus Health Department</i>				
Public Health Infrastructure Grant (RMRS Regional Exercise)	(1)	93.283	8,750	8,551
<i>Passed through the State Department of MRDD</i>				
Social Services Block Grant - Title XX	(1)	93.667	30,576	30,576
State Children's Insurance Program (SCHIP)	(1)	93.767	4,136	4,136
Medical Assistance Program - CAFS/TCM	(1)	93.778	640,756	529,015
<b>Total U. S. Department of Health &amp; Human Services</b>			<b>693,754</b>	<b>572,278</b>
<b>Total Federal Financial Assistance</b>			<b>\$2,008,880</b>	<b>\$1,889,066</b>

(1) - Passthrough entity number not available, or multiple .

See accompanying notes to the schedule of federal awards expenditures.

**Logan County**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2005*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditures of non-Federal matching funds is not included on the Schedule.

# BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

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, 2005, and have issued our report thereon dated August 31, 2006, in which we indicated the County implemented GASB Statements No. 40 and 41 and GASB Technical Bulletin No. 2004-2. We did not audit the financial statements of RTC Industries, Inc., which is included as a discretely presented component unit in the County's financial statements. Those financial statements were audited by other auditors, following *Governmental Auditing Standards*, and their report thereon has been furnished to us. Our opinion, insofar as it relates to the component unit, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness.

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the County in a separate letter dated August 31, 2006.

Board of Commissioners of Logan County  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With *Government Auditing Standards*  
Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.  
August 31, 2006

# BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

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## **Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

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

### **Compliance**

We have audited the compliance of Logan County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in items 2005-001, 2005-002 and 2005-003 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management, Matching and Reporting that are applicable to its Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

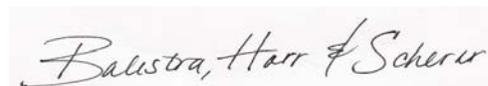
### **Internal Control Over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered the internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings as item 2005-004.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Balestra, Harr & Scherer, CPAs, Inc.  
August 31, 2006

**Logan County**  
*Schedule of Findings*  
*OMB Circular A-133 Section .505*  
*December 31, 2005*

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under section .510?	Yes
(d)(1)(vii)	Major Programs (list):	Homeland Security Grant Cluster, CFDA #s 97.042, 94.053, 16.007, and 97.004; Community Development Block Grants, CFDA #14.228; Workforce Investment Act Cluster, CFDA #s 17.258, 17.259, 17.260, and 17.225
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Logan County**  
*Schedule of Findings*  
*OMB Circular A-133 Section .505*  
*December 31, 2005*

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

None

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

Finding Number	2005-001
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2005
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Cash Management:*

The *OHCP Financial Management Handbook, Section 3(f)*, states “The grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating the prompt disbursement of funds”. This rule states that funds drawn down should be limited to a balance of less than \$5,000. We noted that for the 2003 CHIP grant, the 2003 Formula the County’s drawdowns were not always expended to below the \$5,000 threshold within 15 days of receipt. This problem was also noted in the last two audits. The County and its consultants should attempt to more accurately forecast cash requirements to eliminate this problem.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-001	The County is currently working toward establishing a cash management system to comply with the Fifteen Day Rule.	12/31/06	Community Development Coordinator

Finding Number	2005-002
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2005
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Matching:*

The 2003 Formula Grant agreement states that a match in the amount of \$98,200 was to be provided by the Villages of DeGraff and Quincy. Our review of financial records for the grant indicates that the villages contributed only \$40,935 to Logan County for the project. A similar problem was also noted in the prior audit for the 2002 Microenterprise grant. The County should develop procedures to ensure that the requirements of matching are followed.

**Logan County**  
*Schedule of Findings*  
*OMB Circular A-133 Section .505*  
*December 31, 2004*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-002	The County will implement internal controls to ensure that future matching requirements are met.	12/31/06	Community Development Coordinator

Finding Number	2005-003
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2005
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Reporting:*

Progress reports for the 2003 CHIP and 2003 and 2004 Formula Grant programs were filed three to five weeks after the date specified by ODOD. Although the County has assigned the preparation of grant reports to CDC of Ohio (CHIP) and Logan County CIC Formula, the County is responsible for assuring timely filing, and thus should more closely monitor CIC's performance to assure that reports are filed when due. This is a repeat of a citation in the previous audit.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-003	The County will more closely monitor the CIC's performance to ensure that reports are filed in accordance with applicable requirements.	12/31/06	Community Development Coordinator

*Reportable Condition – Cash Management, Matching, and Reporting:*

As evidenced by the noncompliance citations noted above related to the Community Development Block Grant, CFDA #14.228, the County's method of monitoring compliance with various provisions of the grant agreements is not as effective as it should be. The County needs to ensure that the planned corrective action for Findings 2004-001, 2004-002, and 2004-003 is implemented and procedures are put in place to continue properly monitoring compliance with the various grant agreements related to these programs.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2005-004	The County will implement procedures to ensure continued compliance with applicable compliance requirements.	12/31/06	Community Development Coordinator

**Logan County**  
*Schedule of Prior Audit Findings*  
*OMB Circular A-133 Section .505*  
*December 31, 2005*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-001	CDBG Fifteen Day Rule	No	Not Corrected – See Current Year Finding 2005-001
2004-002	CDBG Matching	No	Not Corrected – See Current Year Finding 2005-002
2004-003	CDBG Timely Reporting	No	Not Corrected – See Current Year Finding 2005-003
2004-004	Implementation of More Effective Controls over CDBG Grants	No	Not Corrected – See Current Year Finding 2005-004



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

## **FINANCIAL CONDITION**

### **LOGAN COUNTY**

#### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 21, 2006**