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## **Logan County Financial Condition**

Basic Financial Statements

December 31, 2010

(with Independent Auditors' Report)





# Dave Yost • Auditor of State

Board of County Commissioners  
Logan County  
100 S. Madriver Street  
Room 103  
Bellefontaine, Ohio 43311

We have reviewed the *Independent Auditors' Report* of Logan County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

September 13, 2011

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**Logan County Financial Condition**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of RTC Industries, Inc., the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, Auto & Gas Fund, and Logan County Board of Developmental Disabilities Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

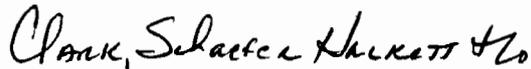
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In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, 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 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the 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 expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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.



Springfield, Ohio  
August 29, 2011

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(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, 2010. 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 2010 are as follows:

- ❑ The County's net assets increased \$1,856,957 as a result of this year's operations. Net assets of the business-type activities increased \$953,973 or 5.2 percent and net assets of our governmental activities increased \$902,984 or 1.1 percent.
- ❑ Business-Type activities had expenses of \$9,924,323 which is \$761,634 less than the \$10,685,957 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 Logan 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 Logan 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 2010?" 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 increased or 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.

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.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(Unaudited)*

- 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 Funds are reported as business 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, and the Logan County Board of Developmental Disabilities 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.

**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

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010	Total 2009
<b>Asset</b>				
Current and Other Assets \$	31,567,680	\$ 9,037,787	\$ 40,605,467	\$ 37,787,690
Capital Assets, Net	66,724,065	41,673,224	108,397,289	106,544,445
<b>Total Assets</b>	<b>98,291,745</b>	<b>50,711,011</b>	<b>149,002,756</b>	<b>144,332,135</b>
<b>Liabilities</b>				
Other Liabilities	11,125,746	2,794,255	13,920,001	14,594,168
Long-Term Liabilities	6,620,589	28,896,570	35,517,159	32,029,328
<b>Total Liabilities</b>	<b>17,746,335</b>	<b>31,690,825</b>	<b>49,437,160</b>	<b>46,623,496</b>
<b>Net Assets</b>				
<b>Invested in Capital</b>				
Assets Net of Debt	58,050,690	14,052,167	72,102,857	71,234,000
Restricted	13,648,418	2,419,815	16,068,233	13,072,217
Unrestricted (Deficit)	8,846,302	2,548,204	11,394,506	13,402,422
<b>Total Net Assets</b>	<b>\$ 80,545,410</b>	<b>\$ 19,020,186</b>	<b>\$ 99,565,596</b>	<b>\$ 97,708,639</b>

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(Unaudited)*

Table 2 shows comparative numbers for the changes in net assets for the years 2010 and 2009.

**Governmental Activities**

Table 2  
Changes in Net Assets

	Governmental Activities 2010	Business- Activities 2010	Total 2010	Total 2009
<b>Revenue</b>				
Program Revenues:				
Charges for Services	\$ 3,520,614	\$ 8,263,674	\$ 11,784,288	\$ 10,818,666
Operating Grants	8,423,784	2,422,283	10,846,067	15,176,671
Capital Grants	4,527,287	-	4,527,287	4,447,784
General Revenue:				
Property and Sales Taxes	15,713,381	-	15,713,381	15,368,571
Grants and Entitlements	2,738,945	-	2,738,945	2,778,305
Other	3,263,655	137,543	3,401,198	3,088,874
Total Revenues	<u>\$ 38,187,666</u>	<u>\$ 10,823,500</u>	<u>\$ 49,011,166</u>	<u>\$ 51,678,871</u>
<b>Program Expenses</b>				
General Government – Legislative and Executive	2,949,146	-	2,949,146	5,814,215
General Government – Judicial	4,286,463	-	4,286,463	2,536,274
Public Safety	5,742,182	-	5,742,182	5,326,457
Public Works	6,453,553	-	6,453,553	7,402,845
Health	1,197,833	-	1,197,833	2,059,199
Human Service	14,822,408	-	14,822,408	16,141,687
Conservation and Recreation	750,413	-	750,413	325,844
Economic Development and Assistance	469,215	-	469,215	492,354
Urban Redevelopment and housing	273,385	-	273,385	457,379
Interest and Fiscal Charges	285,288	-	285,288	337,205
Wastewater Pollution Control Fund	-	2,900,277	2,900,277	2,545,626
Logan Acres County Home Fund	-	7,024,046	7,024,046	6,855,152
Total Expenses	<u>37,229,886</u>	<u>9,924,323</u>	<u>47,154,209</u>	<u>50,294,237</u>
Change in Net Assets before transfers	957,780	899,177	1,856,957	1,384,634
Net Transfers	(54,796)	54,796	-	-
Increase (Decrease) in Net Assets	902,984	953,973	1,856,957	1,384,634
Beginning Net Assets	79,642,426	18,066,213	97,708,639	96,324,005
Ending Net Assets	<u>\$ 80,545,410</u>	<u>\$ 19,020,186</u>	<u>\$ 99,565,596</u>	<u>\$ 97,708,639</u>

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(Unaudited)*

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 2009.

Table 3  
 Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government - Legislative	\$ 2,949,146	\$ 1,862,363	\$ 5,814,215	\$ 4,387,374
General Government - Judicial	4,286,463	3,223,242	2,536,274	1,633,572
Public Safety	5,742,182	4,857,581	5,326,457	4,298,778
Public Works	6,453,553	22,689	7,402,845	(1,932,779)
Health	1,197,833	1,176,393	2,059,199	2,035,815
Human Services	14,822,408	8,134,808	16,141,687	9,134,218
Conservation and Recreation	750,413	750,413	325,844	218,544
Economic Development and Assistance	469,215	353,572	492,354	(170,628)
Urban Redevelopment and Housing	273,385	91,852	457,379	252,079
Interest and Fiscal Charges	285,288	285,288	337,205	337,205
<b>Total Expenses</b>	<b><u>37,229,886</u></b>	<b><u>20,758,201</u></b>	<b><u>40,893,459</u></b>	<b><u>20,194,178</u></b>

The dependence upon tax revenues for governmental activities is apparent. After the Ohio Department of Job and Family Services contributed almost \$5.2 million for grant programs, 44.2 percent of expenses are supported through program revenues. For all governmental activities, taxes and other general revenues support 55.8 percent of expenses.

***Business-Type Activities***

Business-type activities include the Water Pollution Control Fund and Logan Acres County Home Fund. These programs had program revenues of \$10,685,957 and expenses of \$9,924,323 for the year 2010. Business activities receive no support from tax revenues.

**The County's Funds**

Information about the County's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other fund sources of \$42,099,681 and expenditures and other fund uses of \$41,587,769. The net change in fund balance for the year was an increase of \$564,324.

***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 2010 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, final budget revenue was \$13,970,000 and actual revenue was \$14,265,848 resulting in a positive variance of \$295,848. Expenditures had a positive variance for the year of \$393,509.

The County's 2010 ending unobligated General Fund cash balance was \$764,508 which was \$688,928 greater than the final budgeted amount.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(Unaudited)*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of the 2010 the County had \$108,397,289 invested in land, buildings, equipment, vehicles, and infrastructure, of which \$66,724,065 was in governmental activities. Table 4 shows the 2010 balances.

Table 4  
 Capital Assets at December 31

	Governmental Activities 2010	Business-Type Activities 2010	Total 2010	Total 2009
Land	\$ 4,461,233	\$ 201,000	\$ 4,662,233	\$ 4,744,659
Land Improvements	292,947	497,586	790,533	489,710
Construction-In-Progress	-	1,982,525	1,982,525	-
Buildings and Improvements	13,171,344	10,774,117	23,945,461	24,632,304
Machinery and Equipment	3,170,136	708,470	3,878,606	3,901,104
Infrastructure	44,617,209	27,449,759	72,066,968	71,544,604
Vehicles	1,011,196	59,767	1,070,963	1,232,064
<b>Totals</b>	<b>\$ 66,724,065</b>	<b>\$ 41,673,224</b>	<b>\$ 108,397,289</b>	<b>\$ 106,544,445</b>

**Debt**

As of December 31, 2010 the County had \$38,841,907 in bonds and notes outstanding, \$6,115,199 due within one year. Table 5 summarizes bonds and notes outstanding.

Table 5  
 Outstanding Debt, at Year End

	Governmental Activities 2010	Business- Type Activities 2010	Governmental Activities 2009	Business- Type Activities 2009
Various Purpose Bonds, Series 2	\$ 5,273,375	\$ -	\$ 5,672,875	\$ -
Capital Facilities Note	1,400,000	-	1,400,000	-
Recycling Site Upgrade Note	2,000,000	-	2,000,000	-
County Home Revenue Bonds	-	2,791,000	-	2,847,000
County Home Construction Bonds, (1)reclassified	-	6,046,000	-	6,168,000
Sewer System Imp. Revenue Bonds, Series B	-	2,215,000	-	2,315,000
Sewer System Refunding Bonds	-	660,000	-	700,000
Sewer System Imp. Revenue Bonds, Series A	-	2,357,100	-	2,384,100
Sewer Capital Facilities Bonds	-	196,625	-	242,125
O.W.D.A. Loan	-	392,807	-	536,345
Sewer System Improvement Notes, Series 2009	-	1,495,000	-	1,545,000
County Home Improvement Bonds, Series A,B,C 2010	-	4,530,000	-	-
Sewer System Imp. Bonds, Series 2008	-	9,485,000	-	9,500,000
<b>Total</b>	<b>\$ 8,673,375</b>	<b>\$ 30,168,532</b>	<b>\$ 9,072,875</b>	<b>\$ 26,237,570</b>

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
*(Unaudited)*

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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 Notes 11 and 12 for additional information on the County's debt obligations.

**For the Future**

As we begin 2011, the sales tax seems to be improving over last year's numbers and we trust this improvement to continue. If it does, then the County will have another successful year financially.

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 Component Unit**

The government-wide financial statements include not only Logan County itself (known as the *primary government*), but also certain organizations for which the County is financially accountable. Financial information for the RTC Industries, Inc, the County's only discretely presented component unit, can be obtained from separately issued financial statements. See note 1 to the basic financial statements for the contact information.

**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 Robert Storm, County Auditor, 100 South Madriver Street, Bellefontaine, Ohio 43311. Or e-mail at [rstorm@co.logan.oh.us](mailto:rstorm@co.logan.oh.us) or telephone at (937) 599-7209.

**Logan County**  
Statement of Net Assets  
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$16,572,847	\$ 4,381,832	\$ 20,954,679	\$ -
Cash and Investments:				
With Fiscal Agents	-	223,778	223,778	159,356
Receivables:				
Taxes	8,599,494	-	8,599,494	-
Accounts	535,554	884,486	1,420,040	359,868
Special Assessments	66,707	338,455	405,162	-
Accrued Interest	87,688	-	87,688	-
Intergovernmental	4,742,312	238,085	4,980,397	-
Prepaid Items	271,996	50,340	322,336	37,953
Material and Supplies Inventory	691,082	31,809	722,891	-
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	-	2,419,815	2,419,815	-
Unamortized Bond Issuance Costs	-	469,187	469,187	-
Capital assets, No Depreciation	4,461,233	2,183,525	6,644,758	150,000
Capital assets, net of depreciation	<u>62,262,832</u>	<u>39,489,699</u>	<u>101,752,531</u>	<u>917,883</u>
<b>Total Assets</b>	<u>98,291,745</u>	<u>50,711,011</u>	<u>149,002,756</u>	<u>1,625,060</u>
<u>Liabilities</u>				
Accounts Payable	590,939	220,866	811,805	55,948
Contracts Payable	-	417,100	417,100	-
Accrued Wages	387,130	164,035	551,165	14,095
Due to Other Governments	381,723	152,038	533,761	35,259
Unearned Revenue	6,338,240	-	6,338,240	4,134
Deposits Held and due to Others	-	223,678	223,678	-
Accrued Interest Payable	27,714	121,538	149,252	1,430
Notes Payable	3,400,000	1,495,000	4,895,000	-
Long-Term Liabilities:				
Due within one year	1,376,065	989,955	2,366,020	33,112
Due in more than one year	<u>5,244,524</u>	<u>27,906,615</u>	<u>33,151,139</u>	<u>271,325</u>
<b>Total Liabilities</b>	<u>17,746,335</u>	<u>31,690,825</u>	<u>49,437,160</u>	<u>415,303</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	58,050,690	14,052,167	72,102,857	777,872
Restricted for:				
Capital Projects	532,548	2,419,815	2,952,363	-
Debt Service	151,796	-	151,796	-
Public Safety	778,874	-	778,874	-
Human Services	6,653,463	-	6,653,463	-
Road and Bridge	4,367,021	-	4,367,021	-
Real Estate Assessment	657,192	-	657,192	-
Other Purposes	507,524	-	507,524	-
Unrestricted (deficit)	<u>8,846,302</u>	<u>2,548,204</u>	<u>11,394,506</u>	<u>431,885</u>
<b>Total Net Assets</b>	<u>\$80,545,410</u>	<u>\$19,020,186</u>	<u>\$ 99,565,596</u>	<u>\$ 1,209,757</u>

See accompanying notes to the basic financial statements.

**Logan County**  
Statement of Activities  
For the Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary government:								
Governmental Activities:								
General Government:								
Legislative and Executive	\$ 2,949,146	\$ 1,055,022	\$ 31,761	\$ -	\$ (1,862,363)		\$ (1,862,363)	
Judicial	4,286,463	666,561	396,660	-	(3,223,242)		(3,223,242)	
Public Safety	5,742,182	586,111	298,490	-	(4,857,581)		(4,857,581)	
Public Works	6,453,553	630,476	1,454,634	4,345,754	(22,689)		(22,689)	
Health	1,197,833	21,440	-	-	(1,176,393)		(1,176,393)	
Human Service	14,822,408	561,004	6,126,596	-	(8,134,808)		(8,134,808)	
Conservation and Recreation	750,413	-	-	-	(750,413)		(750,413)	
Economic Development and Assistance	469,215	-	115,643	-	(353,572)		(353,572)	
Urban Redevelopment and Housing	273,385	-	-	181,533	(91,852)		(91,852)	
Interest and Fiscal Charges	285,288	-	-	-	(285,288)		(285,288)	
<b>Total Governmental Activities</b>	<b>37,229,886</b>	<b>3,520,614</b>	<b>8,423,784</b>	<b>4,527,287</b>	<b>(20,758,201)</b>		<b>(20,758,201)</b>	
Business-Type activities:								
Water Pollution Control Fund	2,900,277	3,174,035	-	-		273,758	273,758	
Logan Acres County Home Fund	7,024,046	5,089,639	2,422,283	-		487,876	487,876	
<b>Total Business-Type activities</b>	<b>9,924,323</b>	<b>8,263,674</b>	<b>2,422,283</b>	<b>-</b>	<b>-</b>	<b>761,634</b>	<b>761,634</b>	
<b>Total Primary Government</b>	<b>\$ 47,154,209</b>	<b>\$ 11,784,288</b>	<b>\$ 10,846,067</b>	<b>\$ 4,527,287</b>	<b>(20,758,201)</b>	<b>761,634</b>	<b>(19,996,567)</b>	
Component Unit:								
RTC Industries, Inc.	\$ 1,616,132	\$ 1,926,486	\$ -	\$ -				\$ 310,354
<b>Total Component Unit</b>	<b>\$ 1,616,132</b>	<b>\$ 1,926,486</b>	<b>\$ -</b>	<b>\$ -</b>				<b>310,354</b>
General revenues:								
Taxes:								
Property and sales taxes for general purposes					15,713,381	-	15,713,381	-
Fines & Forfeitures					297,541	-	297,541	-
Grants & Contributions not restricted to specific programs					2,738,945	-	2,738,945	-
Unrestricted Investment earnings					448,211	4,471	452,682	-
Miscellaneous					2,517,903	133,072	2,650,975	-
Transfers					(54,796)	54,796	-	-
<b>Total general revenues</b>					<b>21,661,185</b>	<b>192,339</b>	<b>21,853,524</b>	<b>-</b>
Change in net assets					902,984	953,973	1,856,957	310,354
Net Assets - January 1, 2010					79,642,426	18,066,213	97,708,639	899,403
Net Assets - December 31, 2010					<b>\$ 80,545,410</b>	<b>\$ 19,020,186</b>	<b>\$ 99,565,596</b>	<b>\$ 1,209,757</b>

See accompanying notes to the basic financial statements.

**Logan County**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2010**

	General	Auto and Gas	Logan County Board of DD	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>					
Equity in Pooled Cash and Investments	\$ 1,367,730	\$ 1,410,897	\$ 3,518,777	\$ 10,275,443	\$ 16,572,847
Receivables:					
Taxes	3,775,889	-	3,774,720	1,048,885	8,599,494
Accounts	122,252	112,784	155,241	145,277	535,554
Special Assessments	-	-	-	66,707	66,707
Accrued Interest	87,688	-	-	-	87,688
Intergovernmental	859,985	2,030,980	535,621	1,315,726	4,742,312
Prepaid Items	128,711	95,881	350	47,054	271,996
Material and Supply Inventory	36,331	654,751	-	-	691,082
Advances to Other Funds	31,475	-	-	62,844	94,319
<b>Total Assets</b>	<b>\$ 6,410,061</b>	<b>\$ 4,305,293</b>	<b>\$ 7,984,709</b>	<b>\$ 12,961,936</b>	<b>\$ 31,661,999</b>
<b><u>Liabilities</u></b>					
Accounts Payable	\$ 232,883	\$ 118,677	\$ 33,029	\$ 206,350	\$ 590,939
Accrued Wages	109,818	56,153	62,661	158,498	387,130
Due to Other Governments	114,859	41,057	100,467	125,340	381,723
Deferred Revenue	3,740,154	1,720,283	4,054,584	2,317,787	11,832,808
Notes Payable	-	-	-	3,400,000	3,400,000
Advances from Other Funds	-	-	-	94,319	94,319
<b>Total Liabilities</b>	<b>4,197,714</b>	<b>1,936,170</b>	<b>4,250,741</b>	<b>6,302,294</b>	<b>16,686,919</b>
<b><u>Fund Balances:</u></b>					
Reserved for Encumbrances	318,257	19,671	32,825	567,833	938,586
Reserved for Inventory	36,331	654,751	-	-	691,082
Reserved for Advances	31,475	-	-	15,844	47,319
Unreserved , Reported in:					
General Fund	1,826,284	-	-	-	1,826,284
Debt Service Funds	-	-	-	98,493	98,493
Special Revenue Funds	-	1,694,701	3,701,143	7,539,879	12,935,723
Capital Projects Funds	-	-	-	(1,562,407)	(1,562,407)
<b>Total Fund Balances</b>	<b>2,212,347</b>	<b>2,369,123</b>	<b>3,733,968</b>	<b>6,659,642</b>	<b>14,975,080</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,410,061</b>	<b>\$ 4,305,293</b>	<b>\$ 7,984,709</b>	<b>\$ 12,961,936</b>	<b>\$ 31,661,999</b>

See accompanying notes to the basis financial statements.

**Logan County**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2010

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Total Governmental Fund Balances \$ 14,975,080

*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. 66,724,065

Other long-term assets are not available to pay for  
 current period expenditures and therefore are deferred  
 in the funds:

Taxes	\$ 1,310,947	
Special Assessments	66,707	
Grants	3,915,952	
Accounts Receivable	136,966	
Accrued Interest On Investments	63,996	5,494,568

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

Accrued Interest Payable	\$ (27,714)	
Various Purpose Bonds	(5,273,375)	
Compensated Absences Payable	(1,347,214)	(6,648,303)

Net Assets of Governmental Activities

Net Assets of Governmental Activities \$ 80,545,410

See accompanying notes to the basis financial statements.

**Logan County**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010

	General	Auto and Gas	Logan County Board of DD	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 9,572,603	\$ -	\$ 4,154,712	\$ 1,885,243	\$ 15,612,558
Intergovernmental	1,703,063	4,178,426	2,076,148	8,081,410	16,039,047
Investment Income	445,275	1,996	-	4,799	452,070
Licenses and Permits	129,682	-	-	84,519	214,201
Fines and Forfeitures	140,959	136,071	-	20,511	297,541
Special Assessments	-	-	-	42,042	42,042
Charges for Services	1,648,131	190,640	249,824	1,567,924	3,656,519
Miscellaneous	626,133	-	550,692	1,204,777	2,381,602
<b>Total Revenue</b>	<b>14,265,846</b>	<b>4,507,133</b>	<b>7,031,376</b>	<b>12,891,225</b>	<b>38,695,580</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>General Government:</b>					
Legislative and Executive	1,541,371	-	-	976,083	2,517,454
Judicial	3,155,184	-	-	1,135,058	4,290,242
Public Safety	4,814,387	-	-	825,975	5,640,362
Public Works	184,107	4,016,582	-	3,117,204	7,317,893
Health	-	-	-	1,204,609	1,204,609
Human Service	816,047	-	6,656,864	7,492,533	14,965,444
Conservation and Recreation	6,600	-	-	738,852	745,452
Economic Development and Assistance	-	-	-	465,376	465,376
Urban Redevelopment and Housing	-	-	-	273,385	273,385
<b>Debt Service:</b>					
Principal Retirement	-	-	-	399,500	399,500
Interest and Fiscal Charges	-	-	-	309,155	309,155
<b>Total Expenditures</b>	<b>10,517,696</b>	<b>4,016,582</b>	<b>6,656,864</b>	<b>16,937,730</b>	<b>38,128,872</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,748,150</b>	<b>490,551</b>	<b>374,512</b>	<b>(4,046,505)</b>	<b>566,708</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	-	-	3,404,101	3,404,101
Transfers Out	(3,119,744)	(104,153)	(225,000)	(10,000)	(3,458,897)
<b>Total Other Sources (Uses)</b>	<b>(3,119,744)</b>	<b>(104,153)</b>	<b>(225,000)</b>	<b>3,394,101</b>	<b>(54,796)</b>
<b>Net Change in Fund Balance</b>	<b>628,406</b>	<b>386,398</b>	<b>149,512</b>	<b>(652,404)</b>	<b>511,912</b>
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>1,582,506</b>	<b>1,931,748</b>	<b>3,584,456</b>	<b>7,312,046</b>	<b>14,410,756</b>
<b>Increase (Decrease) in Reserve for Inventory</b>	<b>1,435</b>	<b>50,977</b>	<b>-</b>	<b>-</b>	<b>52,412</b>
<b>Fund Balances (Deficits) End of Year</b>	<b>\$ 2,212,347</b>	<b>\$ 2,369,123</b>	<b>\$ 3,733,968</b>	<b>\$ 6,659,642</b>	<b>\$ 14,975,080</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 the Statement of Activities  
 For the Year Ended December 31, 2010

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Net Change in Fund Balances - Total Governmental Funds \$ 511,912

*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 activity 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	\$ 3,567,086	
Depreciation	<u>(3,427,581)</u>	139,505

Loss on disposal of Capital Assets is not recorded in the Governmental funds but is recorded in the Statement of Activity. (158,738)

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

Property Taxes	\$ 100,823	
Charges for Services	96,353	
Intergovernmental Grants	(349,031)	
Special Assessments	22,181	
Interest Income	<u>(3,859)</u>	(133,533)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 399,500

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 23,867

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

Change in Inventory	\$ 52,412	
Compensated Absences	<u>68,059</u>	<u>120,471</u>

Change in Net Assets of Governmental Activities \$ 902,984

See 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, 2010

	Budgeted Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 9,287,182	\$ 9,287,182	\$ 9,526,644	\$ 239,462
Intergovernmental	1,609,118	1,609,118	1,699,504	90,386
Investment Income	400,000	400,000	457,751	57,751
Licenses and Permits	145,520	145,520	129,682	(15,838)
Fines and Forfeitures	193,000	193,000	144,309	(48,691)
Charges for Services	1,765,000	1,765,000	1,653,601	(111,399)
Miscellaneous	445,180	570,180	654,357	84,177
Total Revenue	<u>13,845,000</u>	<u>13,970,000</u>	<u>14,265,848</u>	<u>295,848</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	3,900,797	4,472,351	4,260,354	211,997
Judicial	1,785,751	2,013,302	1,984,605	28,697
Public Safety	4,278,668	4,361,036	4,326,696	34,340
Public Works	122,753	115,949	111,748	4,201
Health	206,145	259,241	180,747	78,494
Human Service	379,800	392,420	356,640	35,780
Conservation and Recreation	-	6,600	6,600	-
Total Expenditures	<u>10,673,914</u>	<u>11,620,899</u>	<u>11,227,390</u>	<u>393,509</u>
Excess of Revenues Over (Under) Expenditures	3,171,086	2,349,101	3,038,458	689,357
<b>Other Financing Sources (Uses)</b>				
Advances In	-	-	16,602	16,602
Advances Out	(150,000)	(18,091)	(16,602)	1,489
Transfers In	-	40,000	-	(40,000)
Transfers Out	(3,242,620)	(3,141,224)	(3,119,744)	21,480
Total Other Financing Sources (Uses)	<u>(3,392,620)</u>	<u>(3,119,315)</u>	<u>(3,119,744)</u>	<u>(429)</u>
Net Change in Fund Balance	(221,534)	(770,214)	(81,286)	688,928
Fund Balances at Beginning of Year - As Restated	500,014	500,014	500,014	-
Prior Year Encumbrances Appropriated	345,780	345,780	345,780	-
Fund Balances (Deficit) at End of Year	<u>\$ 624,260</u>	<u>\$ 75,580</u>	<u>\$ 764,508</u>	<u>\$ 688,928</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  
Auto and Gas Fund  
December 31, 2010

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 3,950,000	\$ 3,950,000	\$ 4,176,602	\$ 226,602
Investment Income	25,000	25,000	1,996	(23,004)
Fines and Forfeitures	30,000	30,000	24,573	(5,427)
Charges for Services	187,000	187,000	190,640	3,640
Miscellaneous	10,000	10,000	-	(10,000)
Total Revenue	<u>4,202,000</u>	<u>4,202,000</u>	<u>4,393,811</u>	<u>191,811</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	5,202,000	5,097,847	4,370,810	727,037
Total Expenditures	<u>5,202,000</u>	<u>5,097,847</u>	<u>4,370,810</u>	<u>727,037</u>
Excess of Revenues Over (Under) Expenditures	(1,000,000)	(895,847)	23,001	918,848
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	(104,153)	(104,153)	-
Total Other Financing Sources	<u>-</u>	<u>(104,153)</u>	<u>(104,153)</u>	<u>-</u>
Net Change in Fund Balance	(1,000,000)	(1,000,000)	(81,152)	918,848
Fund Balances at Beginning of Year	1,109,120	1,109,120	1,109,120	-
Prior Year Encumbrances Appropriated	244,581	244,581	244,581	-
Fund Balances (Deficit) at End of Year	<u>\$ 353,701</u>	<u>\$ 353,701</u>	<u>\$ 1,272,549</u>	<u>\$ 918,848</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  
Logan County Board of Developmental Disabilities Fund  
December 31, 2010

	Budgeted Amounts			Variance Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 4,312,790	\$ 4,312,790	\$ 4,339,191	\$ 26,401
Intergovernmental	1,453,954	1,453,954	1,887,960	434,006
Charges for Services	145,000	145,000	177,130	32,130
Miscellaneous	412,000	412,000	538,304	126,304
Total Revenue	<u>6,323,744</u>	<u>6,323,744</u>	<u>6,942,585</u>	<u>618,841</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Human Service	6,767,584	7,227,541	6,789,143	438,398
Total Expenditures	<u>6,767,584</u>	<u>7,227,541</u>	<u>6,789,143</u>	<u>438,398</u>
Excess of Revenues Over (Under) Expenditures	(443,840)	(903,797)	153,442	1,057,239
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(225,000)	(225,000)	(225,000)	-
Total Other Financing Sources	<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>
Net Change in Fund Balance	(668,840)	(1,128,797)	(71,558)	1,057,239
Fund Balances at Beginning of Year - As Restated	3,497,425	3,497,425	3,497,425	-
Prior Year Encumbrances Appropriated	36,487	36,487	36,487	-
Fund Balances (Deficit) at End of Year	<u>\$ 2,865,072</u>	<u>\$ 2,405,115</u>	<u>\$ 3,462,354</u>	<u>\$ 1,057,239</u>

See accompanying notes to the basic financial statements.

**Logan County**  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2010

	Business-Type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,482,540	\$ 1,899,292	\$ 4,381,832
Cash and Cash Equivalents:			
With Fiscal Agents	86,628	137,150	223,778
Receivables:			
Accounts	288,442	596,044	884,486
Special Assessments	338,455	-	338,455
Intergovernmental	-	238,085	238,085
Prepaid Items	9,558	40,782	50,340
Material and Supplies Inventory	-	31,809	31,809
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	-	2,419,815	2,419,815
Unamortized Bond Costs	316,943	152,244	469,187
Total Current Assets	3,522,566	5,515,221	9,037,787
Capital Asset, No Depreciation	201,000	1,982,525	2,183,525
Capital Assets, (Net of Accumulated Depreciation)	28,493,093	10,996,606	39,489,699
Total Assets	32,216,659	18,494,352	50,711,011
<u>Liabilities</u>			
Current Liabilities			
Accounts Payable	75,314	145,552	220,866
Contracts Payable	-	417,100	417,100
Accrued Wages	19,727	144,308	164,035
Compensated Absences Payable	64,922	114,334	179,256
Due to Other Governments	19,105	132,933	152,038
Deposits Held and Due to Others	86,528	137,150	223,678
Accrued Interest Payable	65,198	56,340	121,538
Bonds & Notes Payable	2,114,699	191,000	2,305,699
Total Current Liabilities	2,445,493	1,338,717	3,784,210
Long-Term Liabilities:			
Compensated Absences Payable	14,285	29,497	43,782
Revenue Bonds Payable	14,445,125	13,176,000	27,621,125
OWDA Loan Payable	241,708	-	241,708
Total Long-Term Liabilities	14,701,118	13,205,497	27,906,615
Total Liabilities	17,146,611	14,544,214	31,690,825
<u>Net Assets</u>			
Invested in capital assets, net of related debt	11,892,561	2,159,606	14,052,167
Restricted for:			
Capital Projects	-	2,419,815	2,419,815
Unrestricted (deficit)	3,177,487	(629,283)	2,548,204
Total Net Assets	\$ 15,070,048	\$ 3,950,138	\$ 19,020,186

See accompanying notes to the basis financial statements.

**Logan County**  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010

	Business-Type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Totals
Operating Revenues:			
Charges for Services	\$ 2,583,818	\$ 5,089,639	\$ 7,673,457
Special Assessment	590,217	-	590,217
Intergovernmental Revenue	-	2,422,283	2,422,283
Other Operating Revenues	26,239	75,512	101,751
Total Operating Revenues	<u>3,200,274</u>	<u>7,587,434</u>	<u>10,787,708</u>
Operating Expenses:			
Personal Services	769,792	3,880,801	4,650,593
Contractual Services	714,403	1,947,092	2,661,495
Materials and Supplies	128,619	391,490	520,109
Other Operating Expense	106,391	93,793	200,184
Depreciation	448,849	301,520	750,369
Total Operating Expenses	<u>2,168,054</u>	<u>6,614,696</u>	<u>8,782,750</u>
Operating Income (Loss)	<u>1,032,220</u>	<u>972,738</u>	<u>2,004,958</u>
Non-Operating Revenues (Expenses):			
Tap-In Fees	31,321	-	31,321
Gain (Loss) on Sale of Assets	-	(4,526)	(4,526)
Interest Income	4,127	344	4,471
Interest and Fiscal Charges	(732,223)	(404,824)	(1,137,047)
Total Non-Operating Revenues (Expenses)	<u>(696,775)</u>	<u>(409,006)</u>	<u>(1,105,781)</u>
Income (Loss) Before Transfers	335,445	563,732	899,177
Transfers in	54,796	-	54,796
Change in Net Assets	<u>390,241</u>	<u>563,732</u>	<u>953,973</u>
Total Net Assets at Beginning of Year	<u>14,679,807</u>	<u>3,386,406</u>	<u>18,066,213</u>
Total Net Assets at End of Year	<u>\$ 15,070,048</u>	<u>\$ 3,950,138</u>	<u>\$ 19,020,186</u>

See accompanying notes to the basic financial statements.

**Logan County**  
Statement of Cash Flows-Proprietary Funds  
For the Year Ended December 31, 2010

	Business-Type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received for Services	\$ 3,049,732	\$ 4,971,353	\$8,021,085
Cash Received from Other Governments	-	2,398,390	2,398,390
Cash Received from Other Operating Sources	26,239	75,512	101,751
Net Change in Deposits	38,276	135,528	173,804
Cash Payments to Suppliers for Goods and Services	(881,795)	(2,374,774)	(3,256,569)
Cash Payments to Employees for Services	(772,063)	(3,928,273)	(4,700,336)
Cash Payment for Other Services	(106,627)	(93,793)	(200,420)
Net Cash Provided by (Used in) Operating Activities	<u>1,353,762</u>	<u>1,183,943</u>	<u>2,537,705</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Tap-In Fees	31,321	-	31,321
Transfers In	54,796	-	54,796
Net Cash Provided by Noncapital Financing Activities	<u>86,117</u>	<u>-</u>	<u>86,117</u>
<b>Cash Flows from Capital &amp; Related Financing Activities:</b>			
Proceeds of Notes	1,495,000	-	1,495,000
Proceeds of Construction Bonds	-	4,530,000	4,530,000
Principal Payments	(1,916,038)	(178,000)	(2,094,038)
Payments for Capital Acquisitions	(642,362)	(1,850,186)	(2,492,548)
Interest Paid	(737,610)	(661,656)	(1,399,266)
Net Cash Provided by Capital and Related Financing Activities	<u>(1,801,010)</u>	<u>1,840,158</u>	<u>39,148</u>
<b>Cash Flows from Investing Activities:</b>			
Interest Income	4,127	344	4,471
Net Cash Provided by Investing Activities	<u>4,127</u>	<u>344</u>	<u>4,471</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(357,004)	3,024,445	2,667,441
Cash and Cash Equivalents Beginning of Year	2,926,172	1,431,812	4,357,984
Cash and Cash Equivalents End of Year	<u>\$ 2,569,168</u>	<u>\$ 4,456,257</u>	<u>\$ 7,025,425</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>			
Operating Income (Loss)	\$ 1,032,220	\$ 972,738	\$ 2,004,958
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	448,849	301,520	750,369
(Increase) Decrease in Assets:			
Accounts Receivable	(31,436)	(118,286)	(149,722)
Special Assessments Receivable	(92,867)	-	(92,867)
Due from Other Governments	-	(23,893)	(23,893)
Materials and Supplies Inventory	-	(9,619)	(9,619)
Prepaid Items	(683)	(2,906)	(3,589)
Increase (Decrease) in Liabilities:			
Accounts Payable	(38,326)	(73,657)	(111,983)
Accrued Wages and Benefits	(11,955)	(15,158)	(27,113)
Compensated Absences Payable	6,742	(32,314)	(25,572)
Due to Other Governments	2,942	49,990	52,932
Deposits Held for Others	38,276	135,528	173,804
Total Adjustments	<u>321,542</u>	<u>211,205</u>	<u>532,747</u>
Net Cash Provided by Operating Activities	<u>\$ 1,353,762</u>	<u>\$ 1,183,943</u>	<u>\$ 2,537,705</u>

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

During 2010, the Water Pollution Control fund paid \$450,548 for capital assets that were included in 2009 accounts payable. In addition, the fund capitalized \$54,882 that is included in accounts payable at year ended December 31, 2010.

During 2010, the Logan Acres fund paid \$14,592 for capital assets that were included in 2009 accounts payable. In addition, the County capitalized \$417,100 of the contracts payable during 2010. Lastly, the County capitalized \$127,582 of interest expense related to the Logan Acres new construction project.

See accompanying notes to the basic financial statements.

**Logan County**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2010

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$ 205,752	\$ 4,353,652
Cash and Cash Equivalents:		
With Fiscal Agents	-	465,053
Receivables:		
Taxes	-	40,734,155
Accounts	-	29,697
Special Assessments	-	668,022
Accrued Interest	646	-
Intergovernmental	-	2,096,670
Total Assets	<u>206,398</u>	<u>48,347,249</u>
<u>Liabilities:</u>		
Accounts Payable	-	41,026
Due to Other Governments	-	6,428,321
Undistributed Monies	-	41,877,902
Claims & Judgements Payable	102,541	-
Total Liabilities	<u>102,541</u>	<u>48,347,249</u>
<u>Net Assets</u>		
Held in Trust for Veterans:		
Non-Expandable	70,787	-
Expendable	33,070	-
Total Net Assets	<u>\$ 103,857</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**Logan County**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Year Ended December 31, 2010

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	Private Trust
Additions:	
Investment Income	\$ 2,115
Total Additions	2,115
Deductions:	
Other Operating Expense	50
Total Deductions	50
Change in Net Assets	2,065
Total Net Assets at Beginning of Year	101,792
Total Net Assets at End of Year	\$ 103,857

See accompanying notes to the basic financial statements.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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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 insure that the financials are not misleading. The primary government of the County consists of all funds, departments, boards, and agencies that are not legally separate from the County. The County provides public safety protection within its boundaries and adjacent townships by mutual agreement contracts. The County provides basic utilities in the form of wastewater treatment. The County constructs and maintains roads and bridges within the County. The County also operates and maintains a recreation and conservation system.

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

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

***JOINTLY GOVERNED ORGANIZATIONS***

*County Risk Sharing Authority, Inc. (CORSA)* - CORSA is jointly governed by sixty-two counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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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:

**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.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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Government-wide Financial Statements

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

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

Fund Financial Statements

During the year, the County segregates transactions related to certain County programs or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at a more detail level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. FUND ACCOUNTING**

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

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

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund, Auto and Gas Fund, and Logan County Board of DD Fund are the County's major governmental funds:

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

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

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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Logan County Board of Developmental Disabilities Fund - The County's Board of DD 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.

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

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

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

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

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only trust fund (Chase Stuart Fund) is a private trust fund recorded as part of the fiduciary funds activities because the fund does not support any of the County's programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's agency funds account for assets held in an exclusively custodial capacity by the County as fiscal agent for other entities, and for various taxes, state-shared revenues and fines and forfeitures collected on behalf of and distributed to other local governments. Agency fund transactions typically involve only the receipt, temporary investment and distribution of these fiduciary resources.

**C. MEASUREMENT FOCUS**

Government Wide Financial Statements

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

Fund Financial Statements

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

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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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.

**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, 2010, but are intended to finance 2011 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, Board of DD, VOCA, and other small grants. Revenue sources not susceptible to accrual include dog and vendor licenses, donations and some fines and forfeitures.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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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 2010.

**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.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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**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, Auto and Gas, Ludlow Center Regional Planning, Program Income, Water Pollution Control, Logan Acres Bond Service, Escrow General Tax, and the Chase Stewart Expendable Trust Funds. Interest income earned by these funds in 2010 totaled \$475,746 on a cash-basis. Investments are reported at fair value (See Note 5). All coupon-bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight-line method; discounts are not amortized.

**G. INVENTORIES**

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

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

**H. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

**I. CAPITAL ASSETS**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$1,000 dollars. Public domain ("infrastructure") general capital assets consisting of roads and bridges have been capitalized under new requirements of the Governmental Accounting Standards Board. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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All reported capital assets are depreciated, with the exception of land including land under road base. Improvements are depreciated over the remaining useful live 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	
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.

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

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

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

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

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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

All payables accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. Bond issuance costs are deferred and amortized over the term of the related debt.

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

**M. FUND BALANCE 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 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, Board of DD, Children services, job and family services, and other programs. The County did not have any restrictions through enabling legislation at year ended December 31, 2010.

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 EXPENSE**

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

**P. CONTRIBUTION OF CAPITAL**

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

**Q. INTERFUND ACTIVITY**

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

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

**R. EXTRAORDINARY AND SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2010.

**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 – PRIOR PERIOD RECLASSIFICATION ADJUSTMENT**

The County had made a prior period adjustment in the General Fund’s Budget (Non-GAAP) and Actual statement of Revenues, Expenditures, and Changes in Fund Balance. The adjustment to the Fund Balances at the Beginning of the Year was to take out the change in market value that was included in prior years. In addition, the County modified the inclusion of specific reconciling cash basis transactions that caused a prior period adjustment to budgetary fund balance in the Logan County Board of DD fund. The following prior period reclassification adjustment was made to the General Fund and Board of DD Budget (Non-GAAP) and Actual Statements:

	<u>General Fund BVA</u>	<u>Board of DD Fund BVA</u>
Fund Balance, December 31, 2009	\$ 568,683	\$ 3,451,556
Budgetary Fund Balance Corrections	<u>(68,669)</u>	<u>45,869</u>
Restated Fund Balance at Beginning of Year	<u>\$ 500,014</u>	<u>\$ 3,497,425</u>

**NOTE 4 -- 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 Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

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Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

	Net Change in Fund Balances		
	General	Auto and Gas	Logan County
	Fund	Fund	Board of DD
Budget Basis	\$ (81,286)	\$ (81,152)	\$ (71,558)
Adjustments			
Revenue Accruals:			
Accrued 2009			
Received in Cash 2010	(875,753)	(310,159)	(322,205)
Accrued 2010			
Not yet Received in Cash	875,751	423,481	410,998
Expenditure Accruals:			
Accrued 2010			
Not yet Paid in Cash	(311,788)	(120,006)	(195,807)
Accrued 2009			
Paid in Cash 2010	472,023	335,886	271,661
Encumbrances	549,459	138,348	56,423
GAAP Basis	\$ 628,406	\$ 386,398	\$ 149,512

**NOTE 5 -- DEPOSITS AND INVESTMENTS**

**Deposits**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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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;
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); and
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 Treasurer had \$8,000 in undeposited drawer and petty cash funds that is included in the financial statements as "Equity in Pooled Cash and Investments.

**B. Deposits with Financial Institutions**

At year-end, the carrying amount of the County's deposits, including cash with fiscal agents, was \$25,759,031. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2010, \$2,830,946 of the County's bank balance of \$26,085,078 was covered by the Federal Deposit Insurance Corporation, while \$22,680,828 was exposed to custodial risk, as discussed below, with the remaining \$573,304 uninsured and uncollateralized with a broker agent.

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

**Component Unit Cash and Cash Equivalents**

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

At year end, the carrying amount of the RTC's deposits and cash on hand was \$159,356 and the unadjusted bank balance was \$166,763. At December 31, 2010, FDIC insured the entire \$166,763 bank balance. RTC had no investments as of December 31, 2010.

**C. Investments**

As of December 31, 2010, the District had the following investment and maturities:

Investment Type	Balance at Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 months and over
Federal Home Loan Bank	992,350	-	-	-	992,350
Federal Farm Credit Bank	1,753,928	-	-	-	1,753,928
Federal National Mortgage Association	88,602	-	-	-	88,602
Government National Mortgage Association	20,818	-	-	-	20,818
	<u>\$ 2,855,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,855,698</u>

The weighted average maturity of investments is 3.63 years.

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

*Concentration of Credit Risk:* 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, 2010:

Investment Type	Fair Value	% of Total
Federal Home Loan Bank	\$ 992,350	34.75
Federal Farm Credit Bank	\$ 1,753,928	61.42
Federal National Mortgage Association	88,602	3.10
Governmental Agency Securities	20,818	0.73
	<u>\$ 2,855,698</u>	<u>100.00</u>

**Logan County**  
**Notes to the Basic Financial Statements**  
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**D. Reconciliation of Cash and investment 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, 2010:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 25,759,031
Investments	2,855,698
Cash on Hand	8,000
Total	<u>\$ 28,622,729</u>

<u>Cash and Investments per Statement of Net Assets</u>	
Governmental and Business-Type Activities	\$ 23,598,272
Private-Purpose Trust Funds	205,752
Agency Funds	4,818,705
Total	<u>\$ 28,622,729</u>

**E. Deficit Fund Balances**

The following debt service funds had deficit fund balances at December 31, 2010 as a result of expecting future fund transfers in. The debt service deficits will be eliminated through the future fund transfers as debt payment come due. The Solid Waste fund balance deficit will be eliminated once the County accumulates revenue fees to pay the related recycling center debt payments. The ARRA Grant fund balance deficit will be eliminated through future federal reimbursements of grant expenditures.

<u>Fund</u>	<u>Deficit</u>
Logan County Solid Waste	(781,200)
ARRA Grant	(23,887)
Bond Retirement-Leach Ditch #780	(10,340)
Bond Retirement-McClure 77 Ditch	(5,340)
Bond Retirement-South Fork Ditch	(11,113)
Bond Retirement-Laughlin Ditch	(6,026)
Fiber Ring Construction Project	(1,356,477)

**Logan County**  
**Notes to the Basic Financial Statements**  
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**NOTE 6 -- INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the County's operating transfers for 2010.

<b>Funds:</b>	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ -	\$ 3,119,744
Auto & Gas Fund	-	104,153
Logan County Board of DD	-	225,000
Other Governmental Funds	3,404,101	10,000
Total Governmental Funds	3,404,101	3,458,897
Proprietary Funds:		
Indian Lake Water Pollution Control	54,796	-
Total Proprietary Funds	54,796	-
Totals	\$ 3,458,897	\$ 3,458,897

The transfers from the General Fund were made to provide other funds with necessary funds to operate, including debt service, as well as local match portions of federal grants. The Auto & Gas fund transferred funds to provide necessary debt service allocation. The County's Board of DD funded the department's related capital improvement fund and local community events fund. Other governmental funds transferred out funds that were set aside for special projects to the departments operating fund for supporting the mediation project.

**NOTE 7 -- ADVANCES**

The following interfund payables and receivables are due at December 31, 2010:

<b>Funds:</b>	<b>Advances From</b>	<b>Advances To</b>
General Fund	\$ 31,475	\$ -
Other governmental Funds	62,844	94,319
Total Governmental Funds	\$ 94,319	\$ 94,319

One additional advance was made during 2010 that is still outstanding to fund an ARRA grant and the County expects the advance to be repaid next year when federal reimbursement funds are received. Other advances were made in prior years to provide funds for special assessment projects. As the County collects the special assessment payments, the advances will be repaid. The County expects the advance balances to be outstanding greater than one year.

**NOTE 8 -- RECEIVABLES**

Receivables at December 31, 2010, 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 2010 taxes were collected was

**Logan County**  
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\$1,073,135,170. The full tax rate for all County operations applied to real property for the year ended December 31, 2010, was \$2.50 per \$1,000 of assessed valuation.

Real property taxes for tax year 2010 are payable annually or semi-annually. If paid annually, payment is due February 10, 2010. If paid semi-annually, the first payment is due February 10, 2010 and the remainder payable by July 20, 2010. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

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

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

"Real and Other Taxes" receivable represents delinquent real and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2010 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real and public utility taxes that will become available to the County within the first 30 days of 2011 are shown as 2010 revenue; the remainder is shown as "Deferred Revenue".

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

**Logan County**  
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**Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

	<b>Amounts</b>
<b>Governmental Activities</b>	
Local Government and Local Government	
Revenue Assistance	\$ 414,215
Intra-Indigent Counsel	25,418
Gasoline and Excise Tax	1,157,318
Auto Registration Fees	873,662
Homestead and Rollback	406,125
Title XX	12,973
Day Hab Title IX	167,018
Board of DD ARRA Grant	42,283
Juvenile State Income Reimbursements	44,503
IV-E Administrative Training	2,520
VOCA and SVAA Grants	50,536
Pathways II Transportation Grant	38,028
Child Support Enforcement	324,006
Overtime Grant	41,560
Diversion Grant	22,826
Homeland Security Grant	101,414
Byrne Memorial Juvenile State Grant	14,754
Community Corrections Act	27,799
CHIP Grant and CDBG Commissioner Grants	484,731
Rural Law Enforcement	112,232
WIA	31,458
TCM Claims Reimbursements	75,891
Children's Services Prosecutor Contract	7,815
Logan County Health Department	261,250
Other	1,977
Total Governmental Activities	\$ 4,742,312
 <b>Business-Type Activities</b>	
Logan Acres - State Aid	\$ 238,085
 <b>Fiduciary Activities</b>	
Local Government and Local Government	
Revenue Assistance	\$ 1,073,892
Gasoline and Excise Tax	732,140
Undivided Auto Licenses	200,906
Soil Conservation State Funds	17,120
Hotel-Motel Tax	3,603
Women Infants Children Admin Grant	69,009
Total Fiduciary Activities	\$ 2,096,670

**NOTE 9 -- INSURANCE**

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

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

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

**NOTE 10 -- CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2010:

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
<b>Governmental Activities:</b>				
Land	\$ 4,539,133	\$ -	\$ 77,900	\$ 4,461,233
Land Improvements	576,459	-	-	576,459
Buildings and Improvements	19,150,941	-	-	19,150,941
Equipment and Machinery	12,403,558	586,939	-	12,990,497
Vehicles	4,472,460	98,661	424,309	4,146,812
Infrastructure-Road and Bridges	61,808,784	2,881,486	-	64,690,270
Total Capital Assets	<u>102,951,335</u>	<u>3,567,086</u>	<u>502,209</u>	<u>106,016,212</u>
Less Accumulated Depreciation:				
Land Improvements	(252,140)	(31,372)	-	(283,512)
Buildings and Improvements	(5,614,502)	(365,095)	-	(5,979,597)
Equipment and Machinery	(9,091,488)	(728,873)	-	(9,820,361)
Vehicles	(3,269,109)	(209,978)	(343,471)	(3,135,616)
Infrastructure-Road and Bridges	(17,980,798)	(2,092,263)	-	(20,073,061)
Totals Accumulated Depreciation	<u>(36,208,037)</u>	<u>(3,427,581) *</u>	<u>(343,471)</u>	<u>(39,292,147)</u>
Governmental Activities-Assets, Net	<u>\$ 66,743,298</u>	<u>\$ 139,505</u>	<u>\$ 158,738</u>	<u>\$ 66,724,065</u>
<b>Business-Type Activities:</b>				
<b>Water Pollution Control Capital Assets:</b>				
Land	\$ 201,000	\$ -	\$ -	\$ 201,000
Land Improvements	191,917	-	-	191,917
Buildings and Improvements	4,746,707	-	-	4,746,707
Equipment and Machinery	3,687,674	93,298	-	3,780,972
Vehicles	351,047	48,538	-	399,585
Infrastructure	31,497,371	104,860	-	31,602,231
Total Capital Assets	<u>40,675,716</u>	<u>246,696</u>	<u>-</u>	<u>40,922,412</u>
Less Accumulated Depreciation:				
Land Improvements	(27,565)	(3,747)	-	(31,312)
Buildings and Improvements	(4,305,404)	(24,979)	-	(4,330,383)
Equipment and Machinery	(3,257,942)	(31,350)	-	(3,289,292)
Vehicles	(322,334)	(17,484)	-	(339,818)
Infrastructure-Sewer Systems	(3,866,225)	(371,289)	-	(4,237,514)
Totals Accumulated Depreciation	<u>(11,779,470)</u>	<u>(448,849)</u>	<u>-</u>	<u>(12,228,319)</u>
Water Pollution Control Capital Assets, Net	<u>\$ 28,896,246</u>	<u>\$ (202,153)</u>	<u>\$ -</u>	<u>\$ 28,694,093</u>

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	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
<b>Logan Acres County Home Capital Assets:</b>				
Land	\$ 4,526	\$ -	\$ 4,526	\$ -
Construction in Progress	-	1,982,525	-	1,982,525
Land Improvements	1,453	336,080	-	337,533
Buildings and Improvements	12,396,262	-	-	12,396,262
Equipment and Machinery	662,021	61,671	-	723,692
Vehicles	21,547	-	-	21,547
Infrastructure	86,332	-	-	86,332
Total Capital Assets	<u>13,172,141</u>	<u>2,380,276</u>	<u>4,526</u>	<u>15,547,891</u>
Less Accumulated Depreciation:				
Land Improvements	(414)	(138)	-	(552)
Buildings and Improvements	(1,741,700)	(296,769)	-	(2,038,469)
Equipment and Machinery	(502,719)	(4,183)	-	(506,902)
Vehicles	(21,547)	-	-	(21,547)
Infrastructure	(860)	(430)	-	(1,290)
Totals Accumulated Depreciation	<u>(2,267,240)</u>	<u>(301,520)</u>	<u>-</u>	<u>(2,568,760)</u>
Logan Acres County Home Capital Assets, Net	<u>\$ 10,904,901</u>	<u>\$ 2,078,756</u>	<u>\$ 4,526</u>	<u>\$ 12,979,131</u>

\* Depreciation expense was charged to governmental functions as follows:

General Government:		
Legislative and Executive		\$ 636,143
Judicial		12,936
Conversation and Recreation		4,961
Public Works		2,354,708
Public Safety		232,778
Human Services		186,055
Total Depreciation Expense		<u>\$ 3,427,581</u>

Component Unit Capital Assets:

A summary of changes in capital assets by class during the year ended December 31, 2010 is a follows:

	Balance 12/31/2009	Additions	Retirements	Balance 12/31/2010
<b>RTC Industries, Inc. Capital Assets:</b>				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Building	939,743	-	-	939,743
Machinery and Equipment	155,568	16,790	-	172,358
Furniture and Fixtures	28,603	-	-	28,603
Total Capital Assets	<u>1,273,914</u>	<u>16,790</u>	<u>-</u>	<u>1,290,704</u>
Accumulated Depreciation	<u>(171,483)</u>	<u>(51,338)</u>	<u>-</u>	<u>(222,821)</u>
Net Capital Assets	<u>\$ 1,102,431</u>	<u>\$ (34,548)</u>	<u>\$ -</u>	<u>\$ 1,067,883</u>

**Logan County**  
**Notes to the Basic Financial Statements**  
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**NOTE 11 -- NOTES PAYABLE**

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

	Principal Balance 12/31/2009	Issued	Retirements	Principal Balance 12/31/2010
<b>Governmental Activities:</b>				
Capital Facilities Note,				
Matures 11/12/10, 1.50%	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -
Matures 11/09/11, 1.50%	-	1,400,000	-	1,400,000
Recycling Site Upgrade Note,				
Matures 11/10/10, 1.50%	2,000,000	-	2,000,000	-
Matures 11/09/11, 1.50%	-	2,000,000	-	2,000,000
	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>	<u>\$ 3,400,000</u>
<b>Business-Type Activities:</b>				
Sewer Improvement Notes, Series 2009				
Matures 7/14/10, 2.25%	\$ 1,545,000	\$ -	\$ 1,545,000	\$ -
Matures 7/13/11, 1.50%	-	1,495,000	-	1,495,000
	<u>\$ 1,545,000</u>	<u>\$ 1,495,000</u>	<u>\$ 1,545,000</u>	<u>\$ 1,495,000</u>

In November 2010 the County renewed \$1,400,000 of Capital Facilities Notes for the purpose of paying the costs of acquiring and installing an information systems infrastructure network to provide for high-speed telecommunications throughout the county.

In November 2010 the County renewed \$2,000,000 bond anticipation notes to partially pay previous issued noted for the purpose of upgrading the recycling site.

In July 2010 the County renewed \$1,495,000 bond anticipation notes for the purpose of paying the cost of improving the Logan County Water Pollution Control District by constructing a new sewage pumping station and associated force main.

**NOTE 12 -- DEBT OBLIGATIONS**

	Principal Balance 12/31/09	Additions	Retirements	Principal Balance 12/31/10	Amounts Due in One Year
<b>Governmental Activities:</b>					
Various Purpose Bonds, Series 2 Issued 11/01/02, 1.7% to 4.75%	\$ 5,672,875	\$ -	\$ 399,500	\$ 5,273,375	\$ 409,500
Compensated Absences Payable	1,415,273	934,676	1,002,735	1,347,214	966,565
Total Governmental Type Activities Debt	<u>\$ 7,088,148</u>	<u>\$ 934,676</u>	<u>\$ 1,402,235</u>	<u>\$ 6,620,589</u>	<u>\$ 1,376,065</u>

**Logan County**  
**Notes to the Basic Financial Statements**  
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	<u>Principal Balance 12/31/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Principal Balance 12/31/10</u>	<u>Amounts Due in One Year</u>
<b>Business-Type Activities:</b>					
Sewer System Refunding Bonds Issued 11/13/2002, 1.7% to 3%	\$ 700,000	\$ -	\$ 40,000	\$ 660,000	\$ 45,000
Sewer System Improvement Bonds, Series 2007, Issued 03/30/2007, 4.00%	2,315,000	-	100,000	2,215,000	100,000
O.W.D.A. Loan 07/23/1992, 5.2%	536,345	-	143,538	392,807	151,099
Sewer System Improvement Revenue Bonds, Series 2007A/B Issued 03/30/07, 4.125%	2,384,100	-	27,000	2,357,100	28,100
Sewer System Improvement Bonds Series 2008, Issued 12/17/08 3% to 5%	9,500,000	-	15,000	9,485,000	250,000
County Home Construction Bonds, 4% Issued 8/11/06, Matures 8/1/36 (1)	6,168,000	-	122,000	6,046,000	127,000
County Sewer Capital Facility Bonds Issued 11/01/02, 1.7% to 4.75%	242,125	-	45,500	196,625	45,500
County Home Revenue Bonds Issued 08/11/06, 4.5%	2,847,000	-	56,000	2,791,000	59,000
County Home Improvement Bonds, Series A Issued 07/21/10, 2.0% to 3.0%	-	160,000	-	160,000	5,000
County Home Improvement Bonds, Series B Issued 07/21/10, 4.51% to 6.67%	-	2,130,000	-	2,130,000	-
County Home Improvement Bonds, Series C Issued 07/21/10, 6.82%	-	2,240,000	-	2,240,000	-
Compensated Absences Payable	248,610	168,549	194,121	223,038	179,256
Total Business-Type Debt	<u>\$ 24,941,180</u>	<u>\$ 4,698,549</u>	<u>\$ 743,159</u>	<u>\$ 28,896,570</u>	<u>\$ 989,955</u>

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

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

In August, 2007, the County issued \$3,000,000 of County Home Revenue Bonds and \$6,500,000 of County Home Construction Bonds, Series 2007, to finance the construction of a new county home.

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

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

In December 2008 the County issued \$9,500,000 of Sewer System Improvement Bonds, series 2008 for the purpose of paying the cost of improving the wastewater treatment plant, including constructing a new sewage pumping station and associated force main, an equalization basin, a septage receiving station, new office facilities, and a pump maintenance building, installing a fine screening facility, solids handling

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equipment, aerobic equipment, disinfection equipment, a current age design aeration system, yard piping, electrical control systems, and ventilation and air handling systems.

In July 2010, the County issued \$4,530,000 of County Home Improvement Bonds, Series 2010 A/B/C, for the purpose of renovations and new construction of the Homestead assisted living facility to the existing Logan Acres operations.

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

Various Purpose Bonds, Series 2002			
	Principal	Interest	Total
2011	\$ 409,500	\$ 244,057	\$ 653,557
2012	426,250	228,906	655,156
2013	444,625	212,708	657,333
2014	463,000	195,146	658,146
2015	370,000	176,163	546,163
2016-2020	2,145,000	571,448	2,716,448
2021-2022	1,015,000	72,912	1,087,912
Total	\$ 5,273,375	\$ 1,701,340	\$ 6,974,715

County Home Construction Bonds			
	Principal	Interest	Total
2011	\$ 127,000	\$ 272,070	\$ 399,070
2012	132,000	267,085	399,085
2013	139,000	260,415	399,415
2014	145,000	254,160	399,160
2015	152,000	247,635	399,635
2016-2020	866,000	1,130,646	1,996,646
2021-2025	1,080,000	916,586	1,996,586
2026-2030	1,345,000	650,743	1,995,743
2031-2035	1,678,000	319,356	1,997,356
2036	382,000	17,237	399,237
Total	\$ 6,046,000	\$ 4,335,933	\$ 10,381,933

Sewer System Refunding Bonds			
	Principal	Interest	Total
2011	\$ 45,000	\$ 30,915	\$ 75,915
2012	45,000	29,250	74,250
2013	45,000	27,540	72,540
2014	50,000	25,763	75,763
2015	50,000	23,713	73,713
2016-2020	290,000	76,976	366,976
2021-2022	135,000	9,739	144,739
Total	\$ 660,000	\$ 223,896	\$ 883,896

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**Notes to the Basic Financial Statements**  
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Sewer System Improvement Bonds Series 2007

	Principal	Interest	Total
2011	\$ 100,000	\$ 88,100	\$ 188,100
2012	95,000	84,600	179,600
2013	100,000	80,800	180,800
2014	105,000	76,800	181,800
2015	110,000	72,600	182,600
2016-2020	610,000	293,600	903,600
2021-2025	750,000	161,000	911,000
2026-2027	345,000	20,800	365,800
<b>Total</b>	<b>\$ 2,215,000</b>	<b>\$ 878,300</b>	<b>\$ 3,093,300</b>

OWDA Loan

	Principal	Interest	Total
2011	\$ 151,099	\$ 18,487	\$ 169,586
2012	159,058	10,527	169,585
2013	82,650	2,146	84,796
<b>Total</b>	<b>\$ 392,807</b>	<b>\$ 31,160</b>	<b>\$ 423,967</b>

Sewer System Improvement Revenue Bonds Series 2007A/B

	Principal	Interest	Total
2011	\$ 28,100	\$ 97,230	\$ 125,330
2012	29,300	96,072	125,372
2013	30,500	94,863	125,363
2014	31,700	93,605	125,305
2015	33,000	92,297	125,297
2016-2020	186,700	439,893	626,593
2021-2025	228,300	398,099	626,399
2026-2030	279,500	346,954	626,454
2031-2035	342,300	284,337	626,637
2036-2040	419,100	207,653	626,753
2041-2045	512,700	113,812	626,512
2046-2047	235,900	14,697	250,597
<b>Total</b>	<b>\$ 2,357,100</b>	<b>\$ 2,279,512</b>	<b>\$ 4,636,612</b>

County Sewer Facilities Bonds

	Principal	Interest	Total
2011	\$ 45,500	\$ 7,658	\$ 53,158
2012	48,750	3,285	52,035
2013	50,375	4,122	54,497
2014	52,000	2,132	54,132
<b>Total</b>	<b>\$ 196,625</b>	<b>\$ 17,197</b>	<b>\$ 213,822</b>

**Logan County**  
**Notes to the Basic Financial Statements**  
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County Home Revenue Bonds				
		Principal	Interest	Total
2011	\$	59,000	\$ 125,595	\$ 184,595
2012		61,000	123,277	184,277
2013		64,000	120,195	184,195
2014		67,000	117,315	184,315
2015		70,000	114,300	184,300
2016-2020		399,000	521,986	920,986
2021-2025		498,000	423,400	921,400
2026-2030		622,000	300,495	922,495
2031-2035		775,000	147,340	922,340
2036		176,000	7,942	183,942
<b>Total</b>	<b>\$</b>	<b><u>2,791,000</u></b>	<b><u>\$ 2,001,845</u></b>	<b><u>\$ 4,792,845</u></b>

Sewer System Improvement Bonds, Series 2008				
		Principal	Interest	Total
2011	\$	250,000	\$ 445,324	\$ 695,324
2012		260,000	437,824	697,824
2013		270,000	429,374	699,374
2014		275,000	419,924	694,924
2015		285,000	410,298	695,298
2016-2020		1,630,000	1,856,950	3,486,950
2021-2025		2,030,000	1,456,624	3,486,624
2026-2030		2,590,000	910,960	3,500,960
2031-2033		1,895,000	208,760	2,103,760
<b>Total</b>	<b>\$</b>	<b><u>9,485,000</u></b>	<b><u>\$ 6,576,038</u></b>	<b><u>\$ 16,061,038</u></b>

County Home Improvement Bonds, Series A				
		Principal	Interest	Total
2011	\$	5,000	\$ 4,100	\$ 9,100
2012		5,000	4,000	9,000
2013		15,000	3,900	18,900
2014		30,000	3,600	33,600
2015		45,000	2,925	47,925
2016		60,000	1,800	61,800
<b>Total</b>	<b>\$</b>	<b><u>160,000</u></b>	<b><u>\$ 20,325</u></b>	<b><u>\$ 180,325</u></b>

County Home Improvement Bonds, Series B				
		Principal	Interest	Total
2011	\$	-	\$ 130,931	\$ 130,931
2012		-	130,931	130,931
2013		-	130,931	130,931
2014		-	130,931	130,931
2015		-	130,931	130,931
2016-2020		500,000	619,607	1,119,607
2021-2025		735,000	438,088	1,173,088
2026-2030		895,000	184,092	1,079,092
<b>Total</b>	<b>\$</b>	<b><u>2,130,000</u></b>	<b><u>\$ 1,896,442</u></b>	<b><u>\$ 4,026,442</u></b>

These bonds were issued under the Build America Bonds where 35% of interest payments made by the County are remitted back to the County and are reported as revenues.

**Logan County**  
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County Home Improvement Bonds, Series C			
	Principal	Interest	Total
2011	\$ -	\$ 152,768	\$ 152,768
2012	-	152,768	152,768
2013	-	152,768	152,768
2014	-	152,768	152,768
2015	-	152,768	152,768
2016-2020	-	763,840	763,840
2021-2025	-	763,840	763,840
2026-2030	-	763,840	763,840
2031-2035	1,160,000	611,072	1,771,072
2036	1,080,000	187,550	1,267,550
Total	\$ 2,240,000	\$ 3,853,982	\$ 6,093,982

These bonds were issued under the Recovery Zone Bonds where 35% of interest payments made by the County are remitted back to the County and are reported as revenues.

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

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

**Pledged Revenues on Debt Issuances** – The County has pledged future Logan Acres home revenues, net of specified operating expenses, to repay \$3.0 million in county home revenue bonds issued in August 2006. Proceeds from the bonds provided financing for the construction of the Logan Acres facility. The bonds are payable solely from the home customers net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 20 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,792,845. Principal and interest paid for the current year and total customer net revenues in 2010 were \$184,115 and \$1,274,258, respectively.

The County also has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2.41 million in sewer system improvement revenue bonds issued in March 2007. Proceeds from the bonds provided financing for the construction of sanitary sewers and installing individual grinder pumping stations. The bonds are payable solely from sewer customer net revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$4,636,612. Interest paid for the current year and total customer net revenues in 2010 were \$125,345 and \$1,481,069, respectively.

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Component Unit Long Term Debt

A summary of changes in long term debt during the year ended December 31, 2010 is as follows:

	<u>Principal Balance 12/31/2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Principal Balance 12/31/2010</u>	<u>Amounts Due in One Year</u>
<b>Mortgage Payable:</b>					
Citizen Federal Savings and Loan Matures 2022, 6.00%	\$ 324,149	\$ -	\$ 34,138	\$ 290,011	\$ 18,686
Compensated Absences Payable	13,867	14,426	13,867	14,426	14,426
	<u>\$ 338,016</u>	<u>\$ 14,426</u>	<u>\$ 48,005</u>	<u>\$ 304,437</u>	<u>\$ 33,112</u>

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

<u>Mortgage Payable</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 18,686	\$ 17,401	\$ 36,087
2012	19,807	16,279	36,086
2013	20,995	15,091	36,086
2014	22,255	13,831	36,086
2015	23,590	12,496	36,086
2016-2020	140,958	39,473	180,431
2021-2025	43,720	3,239	46,959
	<u>\$ 290,011</u>	<u>\$ 117,810</u>	<u>\$ 407,821</u>

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

**NOTE 13 -- COMPENSATED ABSENCES**

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the Government Wide Basic Financial Statements. Upon termination of County service, a fully vested employee is entitled to 25% of their accumulated sick leave not to exceed 30 days, plus all accumulated vacation and overtime. At December 31, 2010 vested vacation, compensatory, and sick leave benefits for governmental activity type and business type activity employees totaled \$1,347,214 and \$223,038, respectively.

**NOTE 14 -- 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.

**Logan County**  
**Notes to the Basic Financial Statements**  
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**Ohio Public Employees Retirement System (OPERS)** - All County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

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

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

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

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

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

The 2010 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.5 and 11.1% respectively.

The 2010 employer contribution rate for local government employer units was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2010 was 17.87% of covered payroll.

The County's contributions to OPERS for all employees for the years ended December 31, 2010, 2009, and 2008, were \$2,770,120, \$2,704,418, and \$2,932,435, respectively.

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

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

**Logan County**  
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**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.

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

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

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

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

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

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

For the year ended December 31, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The County's required contribution for pension obligations for the year December 31, 2010, 2009 and 2008 were \$131,237, \$136,969, and \$131,400, respectively, equal to the required contributions for the year.

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

**Social Security System** – Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of December 31, 2010, none have elected Social Security.

**NOTE 15 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employer units contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contribution allocated to the health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payments amounts vary depending on the number of covered dependents and the coverage selected.

The County's contribution to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$2,770,120, \$2,704,418, and \$2,932,435, respectively, of which \$1,003,224, \$1,355,153, and \$1,522,884, respectively, was allocated to the healthcare plan.

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

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

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

Under Ohio Law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post employment health care for the years ended June 30, 2010, 2009, and 2008. The 14% employer contribution rate is the maximum rate established under Ohio law.

The County's contribution to STRS for the years ending December 31, 2010, 2009, and 2008 were \$131,237, \$136,969, and \$131,400, respectively, of which \$9,405, \$9,774, and \$9,386, respectively, was allocated to the STRS post employment healthcare plan.

**NOTE 16 -- 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.

**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 2010, these contributions were \$432,854.

**Logan County**  
**Notes to the Basic Financial Statements**  
**December 31, 2010**

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**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.

**NOTE 19 -- CONSTRUCTION COMMITMENTS**

As of December 31, 2010 the County had the following commitments with respect to capital projects:

<u>Capital Projects</u>	<u>Amount of Commitment</u>	<u>Estimated Date of Completion</u>
Logan Acres Homestead New Facilities Project	\$ 1,411,923	Summer 2011

Logan County Financial Condition  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010

Federal Agency/ Pass Through Agency/ Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Supplemental Nutrition Assistance Program (SNAP):			
State Administrative Matching Grants for the SNAP	G-1011-11-5068	10.561	239,174
ARRA- State Administrative Matching Grants for the SNAP	G-1011-11-5068	10.561	15,132
Total Supplemental Nutrition Assistance Program			<u>254,306</u>
<i>Passed Through Ohio Department of Education</i>			
Nutritional Cluster:			
National School Breakfast Program	05-PU-09	10.553	7,532
National School Lunch Program	LLP4-09	10.555	14,397
Total Nutrition Cluster			<u>21,929</u>
Total U.S. Department of Agriculture			<u>276,235</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant - Neighborhood Stabilization Program	NSP-08-14-3	14.218	144,024
Community Development Block Grant:			
Formula Grant	B-F-042-1	14.228	35,942
Community Housing Improvement Program	B-C-1BP-1	14.228	57,184
Total Community Development Block Grant			<u>93,126</u>
Home Investment Partnership Grant	B-C-1BP-2	14.239	75,960
Total U.S. Department of Housing and Urban Development			<u>313,110</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Bulletproof Vest Partnership Program	(1)	16.607	3,095
ARRA- Assistance to Rural Law Enforcement: Combat Rural Crime	2009-SD-B9-0209	16.810	106,426
<i>Passed Through Ohio Department of Youth Services</i>			
Juvenile Accountability Block Grant	2007-JB-012-B071	16.523	14,597
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victim Assistance	2009VAGENE007T	16.575	57,705
<i>Passed through the Ohio Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Cluster:			
Edward Byrne Memorial Justice Assistance Grant - Crime Prevention Program	2009-JG-C01-6619	16.738	28,827
Edward Byrne Memorial Justice Assistance Grant - Overtime Detectives	2009-JG-LLE-5281	16.738	12,225
ARRA- Edward Byrne Memorial Justice Assistance Grant - Overtime Grant	2009-RA-LLE-2119	16.803	15,278
ARRA- Edward Byrne Memorial Justice Assistance Grant - Specialty Docket	2009-RA-C01-2178	16.803	102,945
Total Edward Byrne Memorial Justice Assistance Cluster			<u>159,275</u>
Total U.S. Department of Justice			<u>341,098</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
<i>Passed through the Ohio Department of Job &amp; Family Services and Area 7 Workforce Investment Board</i>			
Unemployment Insurance - One-Stop Systems Enhancement Program	2010-7346	17.225	54,766
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult	2010-7346	17.258	73,315
ARRA- Workforce Investment Act - Adult	2010-7346	17.258	34,239
Workforce Investment Act - Youth	2010-7346	17.259	97,639
ARRA- Workforce Investment Act - Youth	2010-7346	17.259	31,094
Workforce Investment Act - Dislocated Worker	2010-7346	17.260	271,763
ARRA- Workforce Investment Act - Dislocated Worker	2010-7346	17.260	176,056
Total Workforce Investment Act Cluster			<u>684,106</u>
Employment Service Cluster:			
Workforce Investment Act - Employment Services	2010-7346	17.207	2,189
Workforce Investment Act - Disables Veterans' Outreach program	2010-7346	17.801	561
Workforce Investment Act - Local Veterans' Employment Program	2010-7346	17.804	45
Total Employment Services Cluster			<u>2,795</u>
Total U.S. Department of Labor			<u>741,667</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards

Logan County Financial Condition  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010

Federal Agency/ Pass Through Agency/ Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction Grants:			
Highway Planning and Construction Grant	PID #79659	20.205	73,842
Highway Planning and Construction Grant	PID #79660	20.205	62,289
Highway Planning and Construction Grant	PID #83319	20.205	42,269
Highway Planning and Construction Grant	PID #87063	20.205	33,521
Highway Planning and Construction Grant	PID #87485	20.205	50,000
Total Highway Planning and Construction Grants			<u>261,921</u>
<i>Passed through the Ohio Department of Public Safety</i>			
Law Enforcement Overtime Grant	HVEO-2010-46-00-00-00266-00	20.600	29,263
Hazardous Material Emergency Preparedness Grant	(1)	20.703	2,879
Total U.S. Department of Transportation			<u>294,063</u>
<b><u>U.S DEPARTMENT OF EDUCATION</u></b>			
<i>Passed through the Ohio Rehabilitation Services Commission</i>			
Vocational Rehabilitation Grants to States:			
Vocational Rehabilitation Grants to States - Bridges to Transition	(1)	84.126	156,337
Vocational Rehabilitation Grants to States - Pathways II	(1)	84.126	49,047
Total Vocational Rehabilitation Grants to States			<u>205,384</u>
<i>Passed through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education Preschool Grants	PGS1-2010	84.173	37,395
ARRA- Special Education Preschool Grants	PGS1-2010	84.392	10,460
Total Special Education Cluster			<u>47,855</u>
Total U.S. Department of Education			<u>253,239</u>
<b><u>U.S ELECTION ASSISTANCE COMMISSION</u></b>			
<i>Passed through the Ohio Secretary of State</i>			
Help America Vote Act- Title II Voter Verification Program	06-SOS-HHHS-46	90.401	612
Voting Access for Individuals with Disabilities- Grants to States	06-SOS-HHHS-46	93.617	4,090
Total U.S. Election Assistance Commission			<u>4,702</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Job &amp; Family Services</i>			
Promoting Safe and Stable Families	G-1011-11-5068	93.556	50,162
Temporary Assistance for Needy Families (TANF) Cluster:			
Temporary Assistance for Needy Families (TANF)	G-1011-11-5068	93.558	1,329,339
ARRA- TANF State Program- Summer Youth	G-1011-11-5068	93.714	2,123
Total Temporary Assistance for Needy Families (TANF) Cluster			<u>1,331,462</u>
Child Support Enforcement Grants:			
Child Support Enforcement	G-1011-11-5068	93.563	746,548
ARRA- Child Support Enforcement	G-1011-11-5068	93.563	182,204
Total Child Support Enforcement Grants			<u>928,752</u>
Child Care and Development Block Grant Program Cluster:			
Child Care and Development Block Grant	G-1011-11-5068	93.575	2,316
Child Care Mandatory & Matching Funds of the Child Care Program	G-1011-11-5068	93.596	180,601
Total Child Care and Development Block Grant Program Cluster			<u>182,917</u>
Child Welfare Services- State Grants	G-1011-11-5068	93.645	63,124

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards

Logan County Financial Condition  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2010

Federal Agency/ Pass Through Agency/ Federal Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>			
<i>Passed Through Ohio Department of Job &amp; Family Services</i> Foster Care- Title IV-E	G-1011-11-5068	93.658	231,115
Adoption Assistance	G-1011-11-5068	93.659	375,653
Social Services Block Grant - Title XX: <i>Passed through the Ohio Department of Developmental Disabilities</i> Social Services Block Grant - Title XX	(1)	93.667	46,052
<i>Passed Through Ohio Department of Job &amp; Family Services</i> Social Services Block Grant - Title XX	G-1011-11-5068	93.667	318,370
Total Social Services Block Grant			<u>364,422</u>
<i>Passed Through Ohio Department of Job &amp; Family Services</i> Child Abuse and Neglect Prevention- Grants to States	G-1011-11-5068	93.669	1,764
<i>Passed through the Ohio Department of Developmental Disabilities</i> State Children's Health Insurance Program	G-1011-11-5068	93.767	425
Medicaid Assistance Program: <i>Passed Through Ohio Department of Job &amp; Family Services</i> Medical Assistance Program	G-1011-11-5068	93.778	314,034
<i>Passed through the Ohio Department of Developmental Disabilities</i> ARRA- Title XIX- Federal Medicaid Assistance Percentage Increase	(1)	93.778	69,664
Total Title XIX - Medicaid Assistance Program			<u>383,698</u>
Total U.S. Department of Health and Human Services			<u>3,913,494</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Passed through the Ohio Department of Public Safety Emergency Management Agency</i> Emergency Management Performance Grant	2010-EP-00-0003	97.042	90,233
Homeland Security Grants: FY 2007 Citizen Corps Program	2007-GE-T7-0030	97.067	3,365
FY 2008 State Homeland Security Grant Program (SHSP)	2008-GE-T8-0025	97.067	56,889
Total Homeland Security Grants			<u>60,254</u>
Total Department of Homeland Security			<u>150,487</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 6,288,095</u>

(1) Pass through number not available or multiple.

See accompanying notes to the Schedule of Expenditures of Federal Awards

**NOTE 1 – GENERAL:**

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

**NOTE 2 – BASIS OF ACCOUNTING:**

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

**NOTE 3 – MATCHING REQUIREMENTS:**

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

**NOTE 4 – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG):**

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

**NOTE 5 – TRANSFERS BETWEEN FEDERAL PROGRAMS:**

During fiscal year 2010, the County made allowable transfers of \$40,778 from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately \$1,331,462 on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 2010 and the amount transferred to the Social Services Block Grant program.

Temporary Assistance for Needy Families	\$ 1,372,240
Transfer to Social Services Block Grant	<u>(40,778)</u>
Total Temporary Assistance for Needy Families	<u>\$ 1,331,462</u>

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

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

We have audited the financial statements of the governmental activities, business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 29, 2011. We did not audit the financial statements of RTC Industries, Inc., the County's only discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-3 to be material weaknesses.

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A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as item 2010-2 in the accompany schedule of findings and questioned costs to be a significant deficiency.

### **Compliance and Other Matters**

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

We noted certain other matters that we reported to management of the County in a separate letter dated August 29, 2011.

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

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



Springfield, Ohio  
August 29, 2011

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

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

**Compliance**

We have audited the compliance of Logan County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

**Internal Control over Compliance**

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Springfield, Ohio  
August 29, 2011

**Section I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	Yes

Identification of major programs:

CFDA 16.810 – Assistance to Rural Law Enforcement Grant Program

Workforce Investment Act Cluster:

- CFDA 17.258 – Workforce Investment Act - Adult
- CFDA 17.259 – Workforce Investment Act – Youth
- CFDA 17.260 – Workforce Investment Act – Dislocated Worker

Temporary Assistance for Needy Families (TANF) Cluster:

- CFDA 93.558 – Temporary Assistance for Needy Families
- CFDA 93.714 – TANF State Program – Summer Youth Program

CFDA 93.563 – Child Support Enforcement

CFDA 93.667 – Social Services Block Grant

Dollar threshold to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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## Section II – Financial Statement Findings

### 2010-1: Material Weakness – Financial Reporting:

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

As a result of our audit, we identified misstatements in the County's financial statements pertaining to (1) Identifying and reporting of restricted net assets; (2) Reporting of contracts payable; (3) Recording of prior year's reversing entries; (4) Reporting of ODOT project funds paid on behalf of the County for bridge replacements and reporting of the related OPWC contributed capital revenues; (5) Calculation error in estimate of receivables; (6) Recording the sale of land and properly capitalizing interest expenditures relating to construction in progress; and (7) the classification of revenues during the GAAP entries to be consistent across the basic financial statements. We also identified various adjustments to the notes of the financial statements. Lastly, prior period adjustments were necessary to the Budget (Non-GAAP) and Actual Statement of Revenues, Expenditures, and Changes in Fund Balances to accurately report Fund balances in the General fund and Board of DD fund.

The misstatements are an indicator that the County does not have sufficient internal control procedures in place related to financial reporting. It is recommended the County implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatement in the financial statements and footnotes.

*Officials Response: The County's accountant has been informed of the audit adjustments and a review of the compiled financial statements by the County's management will be reflected upon the start of the audit.*

### 2010-2: Significant Deficiency – Capital Asset Reporting:

The County should maintain effective management controls over tracking and reporting capital assets throughout all departments. During the audit, the County had utilized a computerized capital asset inventory system to provide a comprehensive listing of the assets being reported on the financial statements. However, the listing was not complete and the detail book value of assets is not accurate causing the list to be inconsistent to prior or current year's financial statements.

We recommend the County proceed with a correction plan and review the current and prior years fixed asset reports to insure all historical cost and net book values are included in their comprehensive listing of capital assets to substantiate the accuracy of the assets being reported in the financial statements.

*Officials Response: We will continue our efforts to make the County's capital asset tracking system work towards our financial reporting needs. Due to the complexity in identifying and valuing/depreciating capital assets in a county, we have had difficulties getting the system to balance.*

**2010-3: Material Weakness – Completion of the Federal Expenditures Schedule:**

Office of Management and Budget (OMB) Circular A-133.300(a) requires each recipient to “identify”, in its accounts, all federal awards received and expended and the federal programs under which they were received, including, as applicable, the CFDA title and number, the award number and year, the name of the federal agency and the pass-through entity.” According to OMB Circular A-133.205(a), “the determination of when an award is expended is based on when the activity related to the award occurs. Generally, the activity pertains to events that require the non-federal entity to comply with laws, regulations, and the provisions of contracts or grant agreements, such as expenditures/expense transactions associated with grants, cost reimbursements contracts, cooperative agreements, and direct appropriations; the disbursements of funds passed through to subrecipients; the use of loan proceeds under loan and loan guarantee programs; the receipt of property; the receipt of surplus property; the receipt or use of program income; the distribution or consumption of food commodities; the disbursements of amounts entitling the non-Federal entity to an interest subsidy; and, the period when insurance is in force.”

The County reporting inaccurate or incomplete grant information in the Schedule of Expenditures of Federal Awards may jeopardize future grant funding and/or require the County to return funding to the grantor agency. The County should utilize due care in preparing the annual schedule to ensure completeness and accuracy of all information reported. This effort will require all departments to carefully review grant documents and accounting records to ensure the correct amounts and program information is provided to the responsible official to prepare the annual schedule. The final schedule should be reviewed after completion and agreed to underlying cash accounting records of the County.

*Officials Response: Each year the County works diligently attempting to make certain what grants have been received and the CFDA title and number. The County will continue to work hard to make certain there are no omissions regarding this matter.*

**Section III – Federal Awards Findings and Questioned Costs**

**2010-4: Significant Deficiency – WIA Program Eligibility:**

During the testing of controls over the eligibility determinations of the WIA program, some instances found applications without appropriate signatures as proof a final eligibility determination was concluded before the assistance payments were paid. Although, the case files contain all the supporting documents and eligibility checklists, the County should ensure that all applications are signed by the interviewed and the reviewer prior to authorizing invoices to be paid. In addition, all documents and eligibility forms should be maintained in case files for evidence of eligibility assessment procedures. As found in the testing, the County should reevaluate the determination checklist again to ensure all requirements are met.

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

#### **Section IV – Summary Schedule of Prior Audit Findings**

**2009-1:** Material control weakness over financial reporting as a result of significant audit adjustments and various adjustments to the notes of the financial statements.

*Status: Not-corrected see current year finding 2010-1*

**2009-2:** Significant control deficiency over the tracking and reporting of the County's capital assets.

*Status: Not-corrected see current year finding 2010-2*

**2009-3:** Significant control deficiency over monitoring Cash with Fiscal Agents.

*Status: Corrected with additional procedures by separation of duties*

**2009-4:** The County's noncompliance and control procedures over properly reporting the Schedule of Expenditures of Federal Awards.

*Status: Not-corrected see current year finding 2010-3*

**2009-5:** County's noncompliance over CDBG grants cash management system to ensure compliance with the Fifteen Day rule relating to the prompt disbursement of funds.

*Status: Corrected – The County is in the process of selecting a new CDBG administrator*

**2009-6:** County's noncompliance over CDBG grant reporting requirements specified by ODOT for the filing of status and final performance reports.

*Status: Corrected – The County is in the process of selecting a new CDBG administrator*

**2009-7:** County's material control weakness over implementation of more effective controls over CDBG federal program.

*Status: Corrected – The County is in the process of selecting a new CDBG administrator*

**2009-8:** Significant control deficiency over eligibility compliance of the WIA program.

*Status: Not-corrected see current year finding 2010-4*



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



# Dave Yost • Auditor of State

## LOGAN COUNTY FINANCIAL CONDITION

### LOGAN COUNTY

#### CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 27, 2011