



Dave Yost • Auditor of State

**LOGAN COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Auto and Gas, and Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the County restated the Water Pollution Control Fund and Business-Type Activities Net Position for December 31, 2016 to properly account for Sewer System refunding bonds issued in 2016. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2018

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LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

As management of Logan County (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$113.1 million (net position).
- The County's Governmental Activities net position increased by \$2.5 million and the County's Business-Type Activities net position increased by \$161,836.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$25.3 million, a \$503,600 increase in comparison with the prior year.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

The government-wide financial statements can be found on pages 13-15 of this report.

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

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

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

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

The County maintains 129 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, auto and gas fund, developmental disabilities fund, and capital improvements fund, each of which are considered to be major funds. Data from the other 125 governmental funds are combined into a single, aggregated presentation.

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

The basic governmental fund financial statements can be found on pages 16-25 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

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

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 33 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 73-76 of this report.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a comparative summary of the County's net position at December 31, 2017 and December 31, 2016:

	Net Position			
	2017 Governmental Activities	2017 Business-Type Activities	2016 Governmental Activities	Restated 2016 Business-Type Activities
<u>Assets</u>				
Current and other assets	\$ 49,772,151	\$ 15,688,891	\$ 45,348,173	\$ 14,061,429
Capital assets, net	83,964,297	38,609,271	80,261,727	39,908,083
Total assets	<u>133,736,448</u>	<u>54,298,162</u>	<u>125,609,900</u>	<u>53,969,512</u>
<u>Deferred Outflows of Resources</u>	<u>9,647,888</u>	<u>4,072,997</u>	<u>7,327,452</u>	<u>3,552,508</u>
<u>Liabilities</u>				
Current and other liabilities	11,608,798	813,779	7,981,205	672,908
Long-term liabilities				
Other Long Term Liabilities	6,736,007	29,200,405	7,448,007	30,335,885
Net Pension Liability	25,296,696	7,122,458	20,219,081	5,444,072
Total liabilities	<u>43,641,501</u>	<u>37,136,642</u>	<u>35,648,293</u>	<u>36,452,865</u>
<u>Deferred Inflows of Resources</u>	<u>7,793,661</u>	<u>108,716</u>	<u>7,862,814</u>	<u>105,190</u>
<u>Net position</u>				
Net Investment in Capital Assets	69,710,122	10,879,384	69,108,220	11,121,285
Restricted	23,520,176	-	23,078,250	-
Unrestricted	<u>(1,281,124)</u>	<u>10,246,417</u>	<u>(2,760,225)</u>	<u>9,842,680</u>
Total net position	<u>\$ 91,949,174</u>	<u>\$ 21,125,801</u>	<u>\$ 89,426,245</u>	<u>\$ 20,963,965</u>

Current and other assets increased significantly in comparison with the prior fiscal year end. This increase is primarily the result of an increase in Equity in Pooled Cash and Investments due to revenues exceeding expenditures during the 2017.

Capital assets, net also increased significantly during 2017. This increase represents the amount in which current year acquisitions exceeded current year depreciation.

Current and other liabilities also increased significantly during 2017. This increase is primarily the result of the County issuing a \$3.5 million capital facilities bond anticipation note during the year.

Net pension liability and related deferred outflows of resources both increased significantly in comparison with the prior fiscal year-end. These increases are primarily the result of changes in actuarial assumptions, as reported by the pension systems.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$113.1 million at the close of the most recent fiscal year.

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

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

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LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The table below provides a comparative analysis of changes in net position for 2017 and 2016:

	Change in Net Position			
	Governmental Activities 2017	Business-Type Activities 2017	Governmental Activities 2016	Restated Business-Type Activities 2016
Revenues				
Program revenues:				
Charges for Services	\$ 8,232,363	\$ 11,356,944	\$ 7,599,452	\$ 10,523,602
Operating Grants and Contributions	13,354,610	2,520,082	13,875,058	2,539,337
Capital Grants and Contributions	1,131,294	-	362,151	825,754
Total program revenues	<u>22,718,267</u>	<u>13,877,026</u>	<u>21,836,661</u>	<u>13,888,693</u>
General revenues:				
Property and Sales Taxes	18,718,514	-	18,083,813	-
Unrestricted Grants and Entitlements	1,927,267	-	1,634,987	-
Unrestricted Investment Earnings	478,794	4,360	488,979	2,107
Insurance Proceeds	110,000	-	-	-
Other	386,877	-	328,837	-
Total general revenues	<u>21,621,452</u>	<u>4,360</u>	<u>20,536,616</u>	<u>2,107</u>
Total revenues	<u>44,339,719</u>	<u>13,881,386</u>	<u>42,373,277</u>	<u>13,890,800</u>
Expenses				
General Government- Legislative and Executive	6,176,113	-	5,250,073	-
General Government- Judicial	3,405,878	-	3,320,420	-
Public Safety	6,975,368	-	5,796,672	-
Public Works	8,236,679	-	7,251,126	-
Health	1,775,120	-	1,405,640	-
Human Services	13,913,739	-	13,096,590	-
Conservation and Recreation	4,116	-	4,262	-
Economic Development and Assistance	290,076	-	330,792	-
Urban Redevelopment and Housing	606,535	-	995,081	-
Interest and Fiscal Charges	336,260	-	246,572	-
Water Pollution Control Fund	-	3,987,622	-	3,738,289
Logan Acres County Home Fund	-	9,828,834	-	9,058,616
Total expenses	<u>41,719,884</u>	<u>13,816,456</u>	<u>37,697,228</u>	<u>12,796,905</u>
Change in Net Position Before Transfers	2,619,835	64,930	4,676,049	1,093,895
Net Transfers	<u>(96,906)</u>	<u>96,906</u>	<u>(93,106)</u>	<u>93,106</u>
Change in Net Position	2,522,929	161,836	4,582,943	1,187,001
Net position, Beginning of year, Restated	89,426,245	20,963,965	84,843,302	19,776,964
Net Position, End of Year	<u>\$ 91,949,174</u>	<u>\$ 21,125,801</u>	<u>\$ 89,426,245</u>	<u>\$ 20,963,965</u>

Total expenses increased significantly in comparison with the prior fiscal year. A primary component of this increase is an increase in pension expense reported by the Ohio Public Employees Retirement System.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses				
Legislative and Executive	\$ 6,176,113	\$ 3,642,539	\$ 5,250,073	\$ 2,696,938
Judicial	3,405,878	2,006,457	3,320,420	1,859,655
Public Safety	6,975,368	5,602,764	5,796,672	4,759,988
Public Works	8,236,679	2,152,006	7,251,126	2,223,770
Health	1,775,120	(648,672)	1,405,640	(349,777)
Human Services	13,913,739	5,594,697	13,096,590	4,277,663
Conservation and Recreation	4,116	4,116	4,262	4,262
Economic Development and Assistance	290,076	257,026	330,792	157,028
Urban Redevelopment and Housing	606,535	54,424	995,081	(15,532)
Interest and Fiscal Charges	336,260	336,260	246,572	246,572
Total program expenses	<u>\$ 41,719,884</u>	<u>\$ 19,001,617</u>	<u>\$ 37,697,228</u>	<u>\$ 15,860,567</u>

As can be seen in the chart above, the County is highly dependent upon property and sales taxes to support its governmental activities. For all governmental activities, taxes and other general revenues support 46 percent of expenses.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of approximately \$25.3 million, an increase of \$503,600 in comparison with the prior year.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$5.6 million, while total fund balance reached approximately \$7.7 million. As a measure of general fund liquidity, it may be useful to compare both unassigned and total fund balance to total general fund expenditures. Unassigned fund balance represents 46 percent of total general fund expenditures, while total fund balance represents 63 percent of that same amount.

The fund balance of the County's general fund increased by approximately \$1.6 million during the current fiscal year. This increase represents the amount in which revenues (\$14.8 million) exceeded expenditures (\$12.3 million) and other financing uses (\$966,851).

The fund balance of the County's auto and gas fund increased by \$48,240 during the current fiscal year. This increase represents the amount in which program revenues exceeded program expenditures and a decrease in inventory.

The fund balance of the County's developmental disabilities fund increased by \$417,832 during the current fiscal year. This increase represents the amount in which property taxes and program revenues exceeded program expenditures.

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

The fund balance of the County's capital improvements fund decreased by approximately \$3.2 million during the current fiscal year. This decrease represents the amount in which expenditures relating to capital projects exceeded intergovernmental revenues.

Financial Analysis of the Proprietary Funds

Net position in the Water Pollution Control Fund increased \$738,644 during the current fiscal year. The key components of this increase were operating income (\$1.2 million), offset by interest expense (\$544,103). In addition, the fund received a subsidy from the General Fund totaling \$96,906.

Net position in the Logan Acres Home Fund decreased \$576,808 during the current fiscal year. This decrease represents a combination of an operating loss of \$148,801 and interest expense of \$428,007.

General Fund Budgeting Highlights

The County's final revenue estimate exceeded the original estimate by approximately \$2.0 million. This increase is primarily the result of a significant unexpected increase in sales taxes. The County's actual revenues exceeded the final revenue estimate by \$562,927, or 3%.

The County's final appropriations exceeded original appropriations by approximately \$2.5 million. This increase is the result of additional appropriations resulting from the increase in sales taxes. The County's final actual budgetary expenditures were \$497,178 less than final appropriations.

Capital Assets

The County's investment in capital assets for governmental activities as of December 31, 2017, including land, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure, totaled approximately \$84.0 million (net of accumulated depreciation), an increase of approximately \$3.7 million in comparison with the prior year. This increase represents the amount in which current year acquisitions of approximately \$8.6 million exceeded current year depreciation of approximately \$4.9 million and net current year disposals of \$323.

The County's investment in capital assets for business-type activities as of December 31, 2017, including land, land improvements, buildings and building improvements, machinery and equipment, vehicles, and infrastructure totaled approximately \$38.6 million (net of accumulated depreciation), a decrease of \$1.3 million in comparison with the prior year. This decrease represents the amount in which current year depreciation of approximately \$1.5 million and net current year disposals of \$2,556 exceeded current year acquisitions of \$246,725.

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

Debt Administration

The County's governmental activities debt as of December 31, 2017 totaled approximately \$5.6 million, a decrease of \$698,021 in comparison with the prior year. This decrease represents principal payments (\$683,027) and premium amortization (\$14,994).

The County's business-type activities debt as of December 31, 2017 totaled \$28.9 million, a decrease of \$1.1 million in comparison with the prior year. This decrease represents principal payments (\$1.0 million) and premium amortization (\$90,437).

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

LOGAN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Contacting the County's Financial Management

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

LOGAN COUNTY

STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 33,148,573	\$ 13,542,858	\$ 46,691,431
Cash and Cash Equivalents with Fiscal Agents	-	172,197	172,197
Receivables:			
Taxes	10,904,391	-	10,904,391
Accounts	195,261	821,676	1,016,937
Special Assessments	106,126	881,959	988,085
Accrued Interest	43,230	-	43,230
Intergovernmental	4,118,869	201,949	4,320,818
Prepaid Items	287,823	68,252	356,075
Materials and Supplies Inventory	637,820	-	637,820
Loans Receivable	262,952	-	262,952
Nondepreciable Capital Assets	4,051,672	209,800	4,261,472
Depreciable Capital assets, Net	79,912,625	38,399,471	118,312,096
Net Pension Asset	67,106	-	67,106
Total Assets	133,736,448	54,298,162	188,034,610
Deferred Outflows of Resources			
Deferred Charge on Refunding	-	1,190,143	1,190,143
Pension	9,647,888	2,882,854	12,530,742
Total Deferred Outflows of Resources	9,647,888	4,072,997	13,720,885
Liabilities			
Accounts Payable	1,230,347	377,920	1,608,267
Accrued Wages	513,309	176,126	689,435
Due to Other Governments	301,864	99,775	401,639
Notes Payable	9,500,000	-	9,500,000
Accrued Interest Payable	63,278	159,958	223,236
Long-Term Liabilities:			
Due Within One Year	1,131,953	1,208,871	2,340,824
Due in More Than One Year	5,604,054	27,991,534	33,595,588
Net Pension Liability	25,296,696	7,122,458	32,419,154
Total Liabilities	43,641,501	37,136,642	80,778,143
Deferred Inflows of Resources:			
Property and Other Local Taxes	7,429,644	-	7,429,644
Pension	364,017	108,716	472,733
Total Deferred Inflows of Resources	7,793,661	108,716	7,902,377
Net Position			
Net Investment in Capital Assets	69,710,122	10,879,384	80,589,506
Restricted for:			
Legislative and Executive	1,740,279	-	1,740,279
Public Safety	515,936	-	515,936
Human Services	10,830,758	-	10,830,758
Public Works	9,019,574	-	9,019,574
Urban Redevelopment and Housing	46,644	-	46,644
Judicial	762,842	-	762,842
Economic Development and Assistance	604,143	-	604,143
Unrestricted	(1,281,124)	10,246,417	8,965,293
Total Net Position	\$ 91,949,174	\$ 21,125,801	\$ 113,074,975

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government:				
Legislative and Executive	\$ 6,176,113	\$ 2,533,574	\$ -	\$ -
Judicial	3,405,878	695,645	703,776	-
Public Safety	6,975,368	527,278	582,748	262,578
Public Works	8,236,679	949,565	4,266,392	868,716
Health	1,775,120	2,219,817	203,975	-
Human Service	13,913,739	1,291,966	7,027,076	-
Conservation and Recreation	4,116	-	-	-
Economic Development and Assistance	290,076	14,518	18,532	-
Urban Redevelopment and Housing	606,535	-	552,111	-
Interest and Fiscal Charges	336,260	-	-	-
Total Governmental Activities	<u>41,719,884</u>	<u>8,232,363</u>	<u>13,354,610</u>	<u>1,131,294</u>
Business-Type Activities:				
Water Pollution Control Fund	3,987,622	4,625,000	-	-
Logan Acres County Home Fund	9,828,834	6,731,944	2,520,082	-
Total Business-type Activities	<u>13,816,456</u>	<u>11,356,944</u>	<u>2,520,082</u>	<u>-</u>
Total Primary Government	<u>\$ 55,536,340</u>	<u>\$ 19,589,307</u>	<u>\$ 15,874,692</u>	<u>\$ 1,131,294</u>

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

Change in Net Position

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(3,642,539)		(3,642,539)
(2,006,457)		(2,006,457)
(5,602,764)		(5,602,764)
(2,152,006)		(2,152,006)
648,672		648,672
(5,594,697)		(5,594,697)
(4,116)		(4,116)
(257,026)		(257,026)
(54,424)		(54,424)
(336,260)		(336,260)
<u>(19,001,617)</u>		<u>(19,001,617)</u>
	637,378	637,378
	(576,808)	(576,808)
	<u>60,570</u>	<u>60,570</u>
\$ (19,001,617)	\$ 60,570	\$ (18,941,047)
2,721,162	-	2,721,162
3,533,364	-	3,533,364
1,419,883	-	1,419,883
7,362,734	-	7,362,734
3,681,371	-	3,681,371
1,927,267	-	1,927,267
478,794	4,360	483,154
110,000	-	110,000
386,877	-	386,877
(96,906)	96,906	-
<u>21,524,546</u>	<u>101,266</u>	<u>21,625,812</u>
2,522,929	161,836	2,684,765
89,426,245	20,963,965	110,390,210
<u>\$ 91,949,174</u>	<u>\$ 21,125,801</u>	<u>\$ 113,074,975</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2017

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
Assets:				
Equity in Pooled Cash and Investments	\$ 6,555,548	\$ 2,054,482	\$ 7,646,103	\$ 3,593,271
Receivables:				
Taxes	4,752,575	-	3,841,051	-
Accounts	114,705	3,935	19,269	-
Special Assessments	-	-	-	-
Accrued Interest	43,230	-	-	-
Intergovernmental	811,785	2,123,178	273,827	262,569
Interfund	-	-	-	-
Prepaid Items	208,563	26,971	2,351	-
Materials and Supplies Inventory	-	637,820	-	-
Due From Other Funds	508,127	-	-	-
Loans Receivable	262,952	-	-	-
Total Assets	<u>\$ 13,257,485</u>	<u>\$ 4,846,386</u>	<u>\$ 11,782,601</u>	<u>\$ 3,855,840</u>
Liabilities:				
Accounts Payable	\$ 468,235	\$ 131,978	\$ 80,138	\$ -
Accrued Wages	233,218	58,894	71,728	-
Due to Other Governments	143,170	34,466	35,926	-
Interfund Payable	-	-	-	-
Matured Compensated Absences	12,314	-	246	-
Due To Other Funds	-	-	-	-
Accrued Interest Payable	-	-	-	52,472
Notes Payable	-	-	-	9,500,000
Total Liabilities	<u>856,937</u>	<u>225,338</u>	<u>188,038</u>	<u>9,552,472</u>
Deferred Inflows of Resources:				
Property and Other Local Taxes	2,654,979	-	3,463,112	-
Unavailable Revenue	2,017,977	1,784,432	433,944	133,750
Total Deferred Inflows of Resources	<u>4,672,956</u>	<u>1,784,432</u>	<u>3,897,056</u>	<u>133,750</u>
Fund Balances:				
Nonspendable:				
Inventory	-	637,820	-	-
Prepays	208,563	26,971	2,351	-
Unclaimed Monies	128,052	-	-	-
Loans	214,600	-	-	-
Restricted:				
Legislative and Executive	-	-	-	-
Public Safety	-	-	-	-
Human Services	-	-	7,695,156	-
Public Works	-	2,171,825	-	-
Urban Redevelopment and Housing	-	-	-	-
Judicial	-	-	-	-
Economic Development and Assistance	-	-	-	-
Committed:				
Health	28,847	-	-	-
Public Safety	-	-	-	-
Assigned:				
Human Services	47,617	-	-	-
Public Safety	107,497	-	-	-
Judicial	739,048	-	-	-
Legislative and Executive	272,141	-	-	-
Capital Projects	-	-	-	-
Public Works	889	-	-	-
Future Appropriations	377,761	-	-	-
Unassigned	5,602,577	-	-	(5,830,382)
Total Fund Balances	<u>7,727,592</u>	<u>2,836,616</u>	<u>7,697,507</u>	<u>(5,830,382)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,257,485</u>	<u>\$ 4,846,386</u>	<u>\$ 11,782,601</u>	<u>\$ 3,855,840</u>

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 13,299,169	\$ 33,148,573
2,310,765	10,904,391
57,352	195,261
106,126	106,126
-	43,230
647,510	4,118,869
117,822	117,822
49,938	287,823
-	637,820
-	508,127
-	262,952
<u>\$ 16,588,682</u>	<u>\$ 50,330,994</u>
\$ 549,996	\$ 1,230,347
149,469	513,309
88,302	301,864
117,822	117,822
6,794	19,354
508,127	508,127
-	52,472
-	9,500,000
<u>1,420,510</u>	<u>12,243,295</u>
1,311,553	7,429,644
<u>1,034,813</u>	<u>5,404,916</u>
<u>2,346,366</u>	<u>12,834,560</u>
-	637,820
49,938	287,823
-	128,052
-	214,600
1,737,740	1,737,740
495,141	495,141
2,371,406	10,066,562
3,791,484	5,963,309
48,991	48,991
755,195	755,195
541,854	541,854
2,415,460	2,444,307
192,165	192,165
32,042	79,659
-	107,497
-	739,048
-	272,141
178,697	178,697
211,693	212,582
-	377,761
-	(227,805)
<u>12,821,806</u>	<u>25,253,139</u>
<u>\$ 16,588,682</u>	<u>\$ 50,330,994</u>

See accompanying notes to the basic financial statements

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LOGAN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total Governmental Fund Balances	\$ 25,253,139
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	83,964,297
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.	
Sales Taxes	1,829,219
Property Taxes	515,787
Special Assessments	62,875
Intergovernmental	2,916,989
Accounts Receivable	39,674
Accrued Interest on Investments	40,372
The net pension asset and net pension liability are not due and payable in the current period; therefore, the net pension asset and net pension liability and related deferred inflows/outflows are not reported in governmental funds:	
Net Pension Asset	67,106
Deferred Outflows - Pension	9,647,888
Deferred Inflows - Pension	(364,017)
Net Pension Liability	(25,296,696)
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	(10,806)
Various Purpose Bonds	(5,285,000)
Loans Payable	(204,082)
Unamortized Premium	(91,703)
Compensated Absences Payable	<u>(1,135,868)</u>
 Net Position of Governmental Activities	 <u><u>\$ 91,949,174</u></u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Auto and Gas Fund	Developmental Disabilities Fund	Capital Improvements Fund
Revenues:				
Sales Taxes	\$ 7,395,211	\$ -	\$ -	\$ -
Property Taxes	2,716,886	-	3,527,356	-
Intergovernmental	1,234,456	4,929,726	1,875,406	535,623
Investment Income	472,099	569	-	-
Licenses and Permits	524,645	-	-	-
Fines and Forfeitures	212,587	53,156	-	-
Special Assessments	-	-	-	-
Charges for Services	1,957,361	314,505	330,254	-
Miscellaneous	310,834	54,732	230,010	-
Total Revenues	14,824,079	5,352,688	5,963,026	535,623
Expenditures:				
Current:				
General Government:				
Legislative and Executive	4,208,663	-	-	-
Judicial	2,220,836	-	-	-
Public Safety	4,796,038	-	-	-
Public Works	308,939	5,255,441	-	-
Health	168,504	-	-	-
Human Service	485,870	-	5,545,194	-
Economic Development and Assistance	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-
Capital Outlay	-	-	-	3,666,028
Debt service:				
Principal Retirement	68,027	-	-	-
Interest and Fiscal Charges	-	-	-	168,483
Bond Anticipation Note Issuance Costs	-	-	-	41,827
Total Expenditures	12,256,877	5,255,441	5,545,194	3,876,338
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,567,202	97,247	417,832	(3,340,715)
Other Financing Sources (Uses):				
Insurance Proceeds	-	-	-	110,000
Premium on Bond Anticipation Notes	-	-	-	57,765
Transfers In	-	-	-	-
Transfers Out	(966,851)	-	-	-
Total Other Financing Sources (Uses)	(966,851)	-	-	167,765
Net Change in Fund Balances	1,600,351	97,247	417,832	(3,172,950)
Fund Balance, Beginning of Year	6,127,241	2,788,376	7,279,675	(2,657,432)
Increase (Decrease) in Inventory	-	(49,007)	-	-
Fund Balance, End of Year	\$ 7,727,592	\$ 2,836,616	\$ 7,697,507	\$ (5,830,382)

See accompanying notes to the basic financial statements

Other Governmental Funds	Total Governmental Funds
\$ 3,697,608	\$ 11,092,819
1,421,035	7,665,277
7,617,348	16,192,559
288	472,956
82,837	607,482
51,547	317,290
42,461	42,461
3,742,145	6,344,265
650,217	1,245,793
<u>17,305,486</u>	<u>43,980,902</u>
685,611	4,894,274
883,245	3,104,081
1,373,501	6,169,539
3,230,532	8,794,912
1,409,399	1,577,903
7,329,436	13,360,500
290,076	290,076
606,535	606,535
-	3,666,028
615,000	683,027
141,969	310,452
-	41,827
<u>16,565,304</u>	<u>43,499,154</u>
740,182	481,748
-	110,000
-	57,765
869,945	869,945
-	(966,851)
<u>869,945</u>	<u>70,859</u>
1,610,127	552,607
11,211,679	24,749,539
-	(49,007)
<u>\$ 12,821,806</u>	<u>\$ 25,253,139</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds		\$ 552,607
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
	Capital Outlays	8,581,742
	Depreciation	(4,878,849)
Loss on disposal of Capital Assets is not recorded in the Governmental funds but is recorded in the Statement of Activities		(323)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Sales Taxes	(48,714)
	Property Taxes	9,132
	Charges for Services	(13,591)
	Intergovernmental Grants	220,612
	Special Assessments	(2,145)
	Interest Income	5,838
	Miscellaneous	19,920
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,825,394
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.		(4,416,641)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
	Loan Principal Repayments	68,027
	Bond and Note Principal Repayments	615,000
	Bond Premium Amortization	14,994
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,025
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	(49,007)
	Compensated Absences	17,908
Change in Net Position of Governmental Activities		\$ 2,522,929

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues:				
Sales Taxes	\$ 10,200,000	\$ 10,950,000	\$ 11,130,191	\$ 180,191
Property Taxes	1,514,000	2,714,000	2,706,242	(7,758)
Intergovernmental	1,929,000	1,929,000	1,670,939	(258,061)
Investment Income	305,000	305,000	512,457	207,457
Licenses and Permits	303,210	303,210	524,645	221,435
Fines and Forfeitures	245,500	245,500	214,936	(30,564)
Charges for Services	1,674,850	1,674,850	1,591,937	(82,913)
Miscellaneous	303,440	303,440	372,559	69,119
Total Revenues	16,475,000	18,425,000	18,723,906	298,906
Expenditures:				
Current:				
General Government:				
Legislative and Executive	5,037,254	5,290,990	5,016,354	274,636
Judicial	1,786,333	2,385,470	2,363,432	22,038
Public Safety	4,526,578	5,099,076	5,064,273	34,803
Public Works	269,790	313,136	292,790	20,346
Health	131,359	177,548	172,289	5,259
Human Service	647,686	658,823	533,661	125,162
Total Expenditures	12,399,000	13,925,043	13,442,799	482,244
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,076,000	4,499,957	5,281,107	781,150
Other Financing Sources (Uses):				
Advances In	25,000	25,000	17,752	(7,248)
Advances Out	-	-	(499,578)	(499,578)
Transfers In	50,000	50,000	321,269	271,269
Transfers Out	(4,253,016)	(5,191,429)	(4,676,917)	514,512
Total Other Financing Sources (Uses)	(4,178,016)	(5,116,429)	(4,837,474)	278,955
Net Change in Fund Balances	(102,016)	(616,472)	443,633	1,060,105
Fund Balance, Beginning of Year	3,792,217	3,792,217	3,792,217	-
Prior Year Encumbrances Appropriated	540,621	540,621	540,621	-
Fund Balance, End of Year	\$ 4,230,822	\$ 3,716,366	\$ 4,776,471	\$ 1,060,105

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
AUTO AND GAS FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Intergovernmental	\$ 5,011,484	\$ 5,011,484	\$ 4,775,847	\$ (235,637)
Investment Income	1,000	1,000	569	(431)
Fines and Forfeitures	51,799	51,799	53,444	1,645
Charges for Services	276,766	276,766	314,505	37,739
Miscellaneous	-	-	55,301	55,301
Total Revenues	<u>5,341,049</u>	<u>5,341,049</u>	<u>5,199,666</u>	<u>(141,383)</u>
Expenditures:				
Current:				
Public Works	<u>6,082,547</u>	<u>6,333,431</u>	<u>5,415,893</u>	<u>917,538</u>
Total Expenditures	<u>6,082,547</u>	<u>6,333,431</u>	<u>5,415,893</u>	<u>917,538</u>
Net Change in Fund Balances	(741,498)	(992,382)	(216,227)	776,155
Fund Balance, Beginning of Year	1,785,767	1,785,767	1,785,767	-
Prior Year Encumbrances Appropriated	117,128	117,128	117,128	-
Fund Balance, End of Year	<u>\$ 1,161,397</u>	<u>\$ 910,513</u>	<u>\$ 1,686,668</u>	<u>\$ 776,155</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
DEVELOPMENTAL DISABILITIES FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Variance (Over)/Under
Revenues				
Property Taxes	\$ 3,521,323	\$ 3,521,323	\$ 3,515,391	\$ (5,932)
Intergovernmental	1,789,579	1,789,579	1,799,636	10,057
Charges for Services	324,000	324,000	330,074	6,074
Miscellaneous	225,702	225,702	277,764	52,062
Total Revenues	<u>5,860,604</u>	<u>5,860,604</u>	<u>5,922,865</u>	<u>62,261</u>
Expenditures:				
Current:				
Human Service	6,107,891	6,407,891	5,788,464	619,427
Total Expenditures	<u>6,107,891</u>	<u>6,407,891</u>	<u>5,788,464</u>	<u>619,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247,287)	(547,287)	134,401	681,688
Other Financing Sources (Uses):				
Transfers Out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources (Uses)	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balances	(497,287)	(797,287)	(115,599)	681,688
Fund Balance, Beginning of Year	6,937,502	6,937,502	6,937,502	-
Prior Year Encumbrances Appropriated	447,568	447,568	447,568	-
Fund Balance, End of Year	<u>\$ 6,887,783</u>	<u>\$ 6,587,783</u>	<u>\$ 7,269,471</u>	<u>\$ 681,688</u>

See accompanying notes to basic financial statements

LOGAN COUNTY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 AS OF DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 7,581,769	\$ 5,961,089	\$ 13,542,858
Cash and Cash Equivalents With Fiscal Agents	19,689	152,508	172,197
Receivables:			
Accounts	508,465	313,211	821,676
Special Assessments	881,959	-	881,959
Intergovernmental	-	201,949	201,949
Prepaid Items	17,225	51,027	68,252
Total Current Assets	<u>9,009,107</u>	<u>6,679,784</u>	<u>15,688,891</u>
Noncurrent Assets:			
Nondepreciable Capital Assets	209,800	-	209,800
Depreciable Capital assets, Net	25,824,280	12,575,191	38,399,471
Total Noncurrent Assets	<u>26,034,080</u>	<u>12,575,191</u>	<u>38,609,271</u>
Total Assets	<u>35,043,187</u>	<u>19,254,975</u>	<u>54,298,162</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,036,435	153,708	1,190,143
Pension	409,238	2,473,616	2,882,854
Total Deferred Inflows of Resources	<u>1,445,673</u>	<u>2,627,324</u>	<u>4,072,997</u>
Liabilities			
Current Liabilities			
Accounts Payable	200,769	177,151	377,920
Accrued Wages	26,170	149,956	176,126
Due to Other Governments	15,257	84,518	99,775
Accrued Interest Payable	124,509	35,449	159,958
Compensated Absences Payable	21,892	71,882	93,774
Revenue Bonds Payable	720,097	395,000	1,115,097
Total Current Liabilities	<u>1,108,694</u>	<u>913,956</u>	<u>2,022,650</u>
Long-Term Liabilities:			
Compensated Absences Payable	36,187	127,603	163,790
Revenue Bonds Payable	15,283,281	11,070,000	26,353,281
Unamortized Bond Premium	1,176,368	298,095	1,474,463
Net Pension Liability	1,013,017	6,109,441	7,122,458
Total Long-Term Liabilities	<u>17,508,853</u>	<u>17,605,139</u>	<u>35,113,992</u>
Total Liabilities	<u>18,617,547</u>	<u>18,519,095</u>	<u>37,136,642</u>
Deferred Inflows of Resources			
Pension	72,356	36,360	108,716
Total Deferred Inflows of Resources	<u>72,356</u>	<u>36,360</u>	<u>108,716</u>
Net Position			
Net Investment in Capital Assets	9,913,580	965,804	10,879,384
Unrestricted	7,885,377	2,361,040	10,246,417
Total Net Position	<u>\$ 17,798,957</u>	<u>\$ 3,326,844</u>	<u>\$ 21,125,801</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Operating Revenues			
Charges for Services	\$ 2,580,767	\$ 6,705,618	\$ 9,286,385
Special Assessments	1,970,920	-	1,970,920
Intergovernmental	-	2,520,082	2,520,082
Miscellaneous	73,313	26,326	99,639
Total Operating Revenues	<u>4,625,000</u>	<u>9,252,026</u>	<u>13,877,026</u>
Operating Expenses			
Personal Services	930,307	5,845,215	6,775,522
Contractual Services	1,000,580	2,354,758	3,355,338
Materials and Supplies	350,094	581,613	931,707
Miscellaneous	16,994	221,804	238,798
Depreciation	1,145,544	397,437	1,542,981
Total Operating Expenses	<u>3,443,519</u>	<u>9,400,827</u>	<u>12,844,346</u>
Operating Income (Loss)	<u>1,181,481</u>	<u>(148,801)</u>	<u>1,032,680</u>
Nonoperating Revenues (Expenses)			
Interest Income	4,360	-	4,360
Interest and Fiscal Charges	(544,103)	(428,007)	(972,110)
Total Non-Operating Revenues (Expenses)	<u>(539,743)</u>	<u>(428,007)</u>	<u>(967,750)</u>
Income (Loss) Before Transfers	641,738	(576,808)	64,930
Transfers In	<u>96,906</u>	<u>-</u>	<u>96,906</u>
Change in Net Position	738,644	(576,808)	161,836
Net Position, Beginning of Year, Restated	17,060,313	3,903,652	20,963,965
Net Position, End of Year	<u>\$ 17,798,957</u>	<u>\$ 3,326,844</u>	<u>\$ 21,125,801</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash received from Services	\$ 4,564,799	\$ 6,514,711	\$ 11,079,510
Cash Received from Other Governments	-	2,563,876	2,563,876
Cash Received from Other Operating Sources	70,706	17,870	88,576
Cash Payments to Employees for Services	(810,338)	(4,857,234)	(5,667,572)
Cash Payments to Suppliers for Goods and Services	(1,227,774)	(2,932,481)	(4,160,255)
Cash Payments for Other Services	(18,562)	(222,282)	(240,844)
Net Cash Flows from Operating Activities	<u>2,578,831</u>	<u>1,084,460</u>	<u>3,663,291</u>
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(232,935)	(13,790)	(246,725)
Principal Payments	(661,722)	(380,000)	(1,041,722)
Interest and Fiscal Charges Paid	(565,335)	(436,787)	(1,002,122)
Transfers In	96,906	-	96,906
Net Cash Flows from Capital and Related Financing	<u>(1,363,086)</u>	<u>(830,577)</u>	<u>(2,193,663)</u>
Cash Flows from Investing Activities			
Interest Income	<u>4,360</u>	<u>-</u>	<u>4,360</u>
Net Cash Flows from Investing Activities	<u>4,360</u>	<u>-</u>	<u>4,360</u>
Net Increase in Cash and Cash Equivalents	1,220,105	253,883	1,473,988
Cash and Cash Equivalents at Beginning of Year	<u>6,381,353</u>	<u>5,859,714</u>	<u>12,241,067</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,601,458</u>	<u>\$ 6,113,597</u>	<u>\$ 13,715,055</u>

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities - Enterprise Funds		
	Water Pollution Control	Logan Acres Home	Total
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:			
Operating Income (Loss)	\$ 1,181,481	\$ (148,801)	\$ 1,032,680
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	1,145,544	397,437	1,542,981
Loss on Disposal of Capital Assets	2,556	-	2,556
(Increase)/Decrease in Assets:			
Accounts Receivable	14,704	(199,363)	(184,659)
Special Assessments Receivable	(4,199)	-	(4,199)
Due from Other Governments	-	43,794	43,794
Prepaid Items	(9,217)	807	(8,410)
Increase in Deferred Outflows of Resources - Pension	(26,412)	(566,640)	(593,052)
Increase/(Decrease) in Liabilities:			
Accounts Payable	124,022	3,787	127,809
Accrued Wages	2,509	14,031	16,540
Compensated Absences Payable	(13,724)	10,403	(3,321)
Due to Other Governments	1,718	6,942	8,660
Net Pension Liability	105,037	1,573,349	1,678,386
Increase in Deferred Inflows of Resources - Pension	54,812	(51,286)	3,526
Total Adjustments	1,397,350	1,233,261	2,630,611
Net Cash Flows from Operating Activities	\$ 2,578,831	\$ 1,084,460	\$ 3,663,291

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 DECEMBER 31, 2017

	Private Purpose Trust Fund	Agency Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 83,232	\$ 4,088,260
Cash and Cash Equivalents with Fiscal Agents	-	647,705
Receivables:		
Taxes	-	46,781,586
Special Assessments	-	727,422
Intergovernmental	-	2,275,695
Prepaid items	-	84,393
Total Assets	83,232	54,605,061
Liabilities		
Accounts Payable	-	41,372
Due To Other Governments	-	50,138,232
Undistributed Monies	-	4,387,407
Accrued Wages	-	38,050
Total Liabilities	-	54,605,061
Net Position		
Held in Trust for Veterans:		
Non-Expendable	70,787	-
Expendable	12,445	-
Total Net Position	\$ 83,232	\$ -

See accompanying notes to the basic financial statements

LOGAN COUNTY

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	Private Purpose Trust Fund
Additions	
Investment Income	\$ 673
Total Additions	<u>673</u>
Deductions	
Other Operating Expense	1,070
Total Deductions	<u>1,070</u>
Change in Net Position	(397)
Net Position at Beginning of Year	83,629
Net Position at End of Year	<u>\$ 83,232</u>

See accompanying notes to the basic financial statements

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LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 1 – REPORTING ENTITY

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

Reporting Entity

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

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves their budget, the issuance of their debt or the levying of their taxes. Based on the foregoing criteria, the County does not have any component units.

JOINTLY GOVERNED ORGANIZATIONS

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 1 – REPORTING ENTITY (Continued)

RELATED ORGANIZATIONS

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

EXCLUDED POTENTIAL COMPONENT UNITS

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below:

(a) Basis of Presentation

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

Government-wide Financial Statements

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

(b) Fund Accounting

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

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

Governmental Funds

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

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

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

Developmental Disabilities Fund - The Developmental Disabilities Fund is used to account for a County-wide property tax levy and state and federal grants and reimbursements used for care and services for individuals with developmental disabilities.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The County does not have any pension trust funds or investment trust funds.

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

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

(c) Measurement Focus

Government Wide Financial Statements

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

(d) Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unavailable Revenue

On the governmental funds balance sheet, unavailable revenue represent receivables that do not meet the County's availability criteria for recognition in the current period, such as sales taxes, special assessments, gasoline taxes, motor vehicle license fees, homestead and rollback funding, permissive license taxes, local government funds, state and federal grants, and delinquent property taxes, whose availability is indeterminate. In subsequent periods, when revenue recognition criteria are met, the unavailable revenue deferral is removed from the balance sheet and revenue is recognized.

Property and Other Local Taxes

On the government-wide statement of net position and governmental funds balance sheet, property and other local taxes represents property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations.

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

Expenditures/Expenses

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

(e) Budget

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

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the County Auditor by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2017.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations:

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

Encumbrances:

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

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

(f) Cash and Investments

For GASB reporting purposes the County considers "Equity in Pooled Cash and Investments" to be cash on hand, demand deposits, and all investments held by the County Treasurer; and "Cash and Cash Equivalents with Fiscal Agents" to be all cash, deposits, and investments not held by the County Treasurer or in the County's investment pool. The County Treasurer, by statute, invests all short-term cash surpluses. The residual investments are reported on the balance sheet as "Equity in Pooled Cash and Investments". Interest income credited to the General Fund in 2017 totaled \$472,099.

During 2017, investments were limited to federal agency securities, negotiable certificates of deposit, commercial paper, a corporate note, and a money market fund. Money market funds are reported at the net asset value (NAV) per share. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value (See Note 4). Premiums paid for coupon bearing investments are amortized using the straight-line method; discounts are not amortized.

(g) Inventories

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Prepaid Items

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

(i) Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The County maintains a capitalization threshold of \$5,000 dollars. Public domain ("infrastructure") general capital assets consisting of roads and bridges have been capitalized in accordance with requirements of the Governmental Accounting Standards Board. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

(j) Interfund Balances

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Due to/From Other Funds" or "Advances To/From Other Funds", the latter not expected to be repaid within one year, and outstanding repayments from funds responsible for particular expenditures to the funds that initially paid for them are classified as "Interfund Receivable/Payable". All of these amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Presently, there are no internal balances.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the County, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental funds balance sheet. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the County, unavailable revenue includes delinquent property taxes, sales taxes, intergovernmental grants and entitlements, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and are explained in Note 12.

(l) Compensated Absences

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

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

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Accrued Liabilities and Long-Term Obligations

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

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

(n) Fund Balance

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

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

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

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(o) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The majority of net position reported as restricted represent state and federal grants and entitlements. The County did not have any restrictions through enabling legislation at year-end.

(p) Operating Revenues and Expenses

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

(q) Capital Contributions

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

(r) Interfund Activity

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

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

(s) Pensions

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Extraordinary and Special Items

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

(u) Estimates

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

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LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 3 – BUDGET BASIS OF ACCOUNTING

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

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

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

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

	Net Change in Fund Balances		
	General Fund	Auto and Gas Fund	Developmental Disabilities Fund
Budget Basis	\$ 443,633	\$ (216,227)	\$ (115,599)
Revenue Accruals	(4,302,327)	153,022	40,161
Expenditure Accruals	724,885	(207,362)	(133,362)
Other Sources/Uses	3,905,623	-	250,000
Encumbrances	813,632	367,814	376,632
Unclaimed Funds Activities	(10,534)	-	-
Recorder Equipment	6,411	-	-
Certificate of Title	19,028	-	-
GAAP Basis	\$ 1,600,351	\$ 97,247	\$ 417,832

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

(a) Cash on Hand

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

(b) Deposits with Financial Institutions

At year-end, the carrying amount of the County's deposits, including cash with fiscal agents, was \$44,856,896 and the bank balance was \$45,961,649. Of the County's bank balance, \$28,654,312 was covered by the Federal Deposit Insurance Corporation, while the remaining balance was exposed to custodial credit risk, as discussed below.

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

(c) Investments

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

Investment Type	Value	Investment Maturities		
		Less than one year	1 to 2 years	Greater than 2 years
Federal Farm Credit Bank	\$ 1,718,400	\$ 477,502	\$ 991,410	\$ 249,488
Commercial Paper	796,429	796,429	-	-
Brokered Certificate of Deposit	3,465,907	741,495	1,982,231	742,181
Federal National Mortgage Association	17,839	-	-	17,839
Corporate Note	748,875	748,875	-	-
Government National Mortgage Association	3,592	-	-	3,592
Money Market	66,887	66,887	-	-
Total	<u>\$ 6,817,929</u>	<u>\$ 2,831,188</u>	<u>\$ 2,973,641</u>	<u>\$ 1,013,100</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

Investment Type	Value	Standard and Poor's Ratings			
		AAA	AA+	AA-	Not Rated
Federal Farm Credit Bank	\$ 1,718,400	\$ 1,718,400	\$ -	\$ -	\$ -
Commercial Paper	796,429	-	-	-	796,429
Brokered Certificate of Deposit	3,465,907	-	-	-	3,465,907
Federal National Mortgage Association	17,839	17,839	-	-	-
Corporate Note	748,875	-	-	748,875	-
Government National Mortgage Association	3,592	3,592	-	-	-
Money Market	66,887	-	-	-	66,887
Total	\$ 6,817,929	\$ 1,739,831	\$ -	\$ 748,875	\$ 4,329,223

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

Concentration of Credit Risk: Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The County places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the County at December 31, 2017:

Investment Type	Value	% of Total
Federal Farm Credit Bank	\$ 1,718,400	25.20%
Commercial Paper	796,429	11.68%
Brokered Certificate of Deposit	3,465,907	50.84%
Federal National Mortgage Association	17,839	0.26%
Corporate Note	748,875	10.98%
Government National Mortgage Association	3,592	0.05%
Money Market	66,887	0.99%
Total	\$ 6,817,929	100%

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

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of December 31, 2017:

Cash and Investments Per Note

Carrying Amount of Deposits	\$ 44,856,896
Investments	6,817,929
Cash on Hand	8,000
Total	<u>\$ 51,682,825</u>

Cash and Investments Per Statements of Net Position

Governmental and Business-Type Activities	\$ 46,863,628
Private-Purpose Trust Funds	83,232
Agency Funds	4,735,965
Total	<u>\$ 51,682,825</u>

(e) Deficit Fund Balances

The following governmental funds had deficit fund balances at December 31, 2017 as a result of accruals recorded in accordance with accounting principles generally accepted in the United States of America. The General Fund transfers funds when deficit cash balances exist, not when accruals occur.

<u>Fund</u>	<u>Deficit</u>
Capital Improvements Fund	(5,830,382)

NOTE 5 – INTERFUND TRANSFERS

Interfund transfer activity during the fiscal year was as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 966,851
Other Governmental Funds	869,945	-
Total Governmental Funds	<u>\$ 869,945</u>	<u>\$ 966,851</u>
<u>Proprietary Funds:</u>		
Indian Lake Water Pollution Control	96,906	-
Total Proprietary Funds	<u>\$ 96,906</u>	<u>\$ -</u>
Totals	<u>\$ 966,851</u>	<u>\$ 966,851</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 5 – INTERFUND TRANSFERS (Continued)

The transfers from the General Fund to Other Governmental Funds represent recurring subsidies for program (\$286,014), and debt service (\$583,931) expenditures. The transfers from the General Fund to the Indian Lake Water Pollution Control Fund represent normal recurring subsidies for debt service expenditures (\$96,906).

NOTE 6 – INTERFUND LOANS

Interfund loan activity during the fiscal year was as follows:

Fund	Beginning Balance	New Advances	Advance Repayments	Ending Balance
General	\$ 26,301	\$ 499,578	\$ (17,752)	\$ 508,127
Job and Family Services	(26,301)	-	17,752	(8,549)
Residential Home	10,000	-	(10,000)	-
JAIBG Grant	(10,000)	-	10,000	-
Safety Capital Grant	-	(499,578)	-	(499,578)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTE 7 – RECEIVABLES

Receivables at December 31, 2017, consisted primarily of sales taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property taxes include amounts levied against all real and public utility property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The total assessed value of real and public utility property for tax year 2016, which was used to collect property taxes in calendar year 2017, was \$1,227,266,740. The full tax rate for all County operations applied to real property for the year ended December 31, 2017, was \$2.50 per \$1,000 of assessed valuation.

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 7 – RECEIVABLES (Continued)

Property taxes receivable represents delinquent real and public utility taxes outstanding as of the last settlement and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2017 operations, the receivable is offset by a credit to Deferred Inflows of Resources (Property and Other Local Taxes). The delinquent real and public utility taxes that will become available to the County within the first 30 days of 2018 are shown as 2017 revenue; the remainder is shown as "Unavailable Revenue".

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

A detailed breakdown of intergovernmental receivables is as follows:

	<u>Amounts</u>
Governmental Activities:	
Local Government and Revenue Assistance	\$ 240,525
Excess IRP Compensation	59,962
Gasoline and Excise Tax	1,166,575
Auto Registration Fees	896,641
Homestead and Rollback	397,382
Casino Revenue Tax	262,569
Medicaid Sales Tax	359,206
BWC Overpayment	8,498
Indigent Counsel Fees	73,623
Board of DD Grant	75,770
Childrens Services Grant	205,722
Traffic Grant	7,842
Safety Capital Grant	262,578
Bellefontaine Municipal Court	101,976
Total Governmental Activities	<u>\$ 4,118,869</u>
Business-Type Activities	
Logan Acres-State Aid	<u>\$ 201,949</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 8 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 3,988,984	\$ -	\$ -	\$ -	\$ 3,988,984
Construction in Progress	182,124	62,688	-	(182,124)	62,688
Total Nondepreciable Assets	4,171,108	62,688	-	(182,124)	4,051,672
Depreciable Capital Assets					
Land Improvements	754,561	-	-	-	754,561
Building and Improvements	29,333,528	3,628,440	-	182,124	33,144,092
Machinery and Equipment	16,172,905	718,538	(6,455)	-	16,884,988
Vehicles	3,936,057	226,485	-	-	4,162,542
Infrastructure- Roads and Bridges	86,587,074	3,945,591	-	-	90,532,665
Total Depreciable Assets	136,784,125	8,519,054	(6,455)	182,124	145,478,848
Less accumulated depreciation					
Land Improvements	(512,226)	(27,928)	-	-	(540,154)
Building and Improvements	(8,992,256)	(740,056)	-	-	(9,732,312)
Machinery and Equipment	(12,286,658)	(877,487)	6,132	-	(13,158,013)
Vehicles	(3,058,809)	(154,074)	-	-	(3,212,883)
Infrastructure- Roads and Bridges	(35,843,557)	(3,079,304)	-	-	(38,922,861)
Total accumulated depreciation	(60,693,506)	(4,878,849)	6,132	-	(65,566,223)
Depreciable Capital Assets, Net of accumulated depreciation	76,090,619	3,640,205	(323)	182,124	79,912,625
Total Capital Assets, Net	\$ 80,261,727	\$ 3,702,893	\$ (323)	\$ -	\$ 83,964,297

Depreciation expense was charged to the governmental functions as follows:

General Government	
Legislative	\$ 997,061
Judicial	19,260
Conservation and Recreation	4,116
Public Works	3,390,310
Public Safety	269,403
Human Services	105,884
Health	92,815
Total depreciation expense	\$ 4,878,849

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 8 – CAPITAL ASSETS (Continued)

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

Water Pollution Control Capital Assets:	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 209,800	\$ -	\$ -	\$ -	\$ 209,800
Total Nondepreciable Assets	209,800	-	-	-	209,800
Depreciable Capital Assets					
Land Improvements	336,647	-	-	-	336,647
Building and Improvements	17,458,550	-	-	-	17,458,550
Machinery and Equipment	4,769,051	232,935	(51,126)	-	4,950,860
Vehicles	1,199,035	-	-	-	1,199,035
Infrastructure	21,300,550	-	-	-	21,300,550
Total Depreciable Assets	45,063,833	232,935	(51,126)	-	45,245,642
Less accumulated depreciation					
Land Improvements	(214,669)	(3,748)	-	-	(218,417)
Building and Improvements	(4,759,698)	(345,000)	-	-	(5,104,698)
Machinery and Equipment	(3,670,979)	(159,437)	48,570	-	(3,781,846)
Vehicles	(482,535)	(109,427)	-	-	(591,962)
Infrastructure	(9,196,507)	(527,932)	-	-	(9,724,439)
Total accumulated depreciation	(18,324,388)	(1,145,544)	48,570	-	(19,421,362)
Depreciable Capital Assets, Net of accumulated depreciation	26,739,445	(912,609)	(2,556)	-	25,824,280
Total Capital Assets, Net	\$ 26,949,245	\$ (912,609)	\$ (2,556)	\$ -	\$ 26,034,080
Logan Acres County Home:					
	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Depreciable Capital Assets					
Land Improvements	\$ 15,853	\$ -	\$ -	\$ -	\$ 15,853
Building and Improvements	16,900,823	-	-	-	16,900,823
Machinery and Equipment	718,737	13,790	-	-	732,527
Vehicles	95,186	-	-	-	95,186
Infrastructure	9,052	-	-	-	9,052
Total Depreciable Assets	17,739,651	13,790	-	-	17,753,441
Less accumulated depreciation					
Land Improvements	(2,340)	(960)	-	-	(3,300)
Building and Improvements	(4,054,766)	(380,144)	-	-	(4,434,910)
Machinery and Equipment	(648,007)	(12,395)	-	-	(660,402)
Vehicles	(71,830)	(3,508)	-	-	(75,338)
Infrastructure	(3,870)	(430)	-	-	(4,300)
Total accumulated depreciation	(4,780,813)	(397,437)	-	-	(5,178,250)
Total Capital Assets, Net	\$ 12,958,838	\$ (383,647)	\$ -	\$ -	\$ 12,575,191

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 9 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended December 31, 2017:

Governmental Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2012 A/B - Various Purpose Bonds Issued 11/8/12. 0.65% to 3%	5,900,000	\$ -	\$ (615,000)	\$ 5,285,000	\$ 630,000
Series 2012 A/B - Premium	106,697	-	(14,994)	91,703	-
2016 911 System Loan	272,109	-	(68,027)	204,082	68,027
Net Pension Liability					
OPERS	18,220,407	5,712,778	-	23,933,185	-
STRS	1,998,674	-	(635,163)	1,363,511	-
Compensated Absences	1,169,201	1,210,605	(1,224,584)	1,155,222	433,926
Total Governmental Activities	\$ 27,667,088	\$ 6,923,383	\$ (2,557,768)	\$ 32,032,703	\$ 1,131,953
Business-Type Activities					
+++Sewer System Improvement Bonds, Series 2007, Issued 03/30/2007, 4.00%	\$ -	\$ -	\$ -	\$ -	\$ -
Sewer System Improvement Revenue Bonds, Series 2007A/B Issued 03/30/07, 4.125%	2,170,100	-	(35,800)	2,134,300	37,300
+++Sewer System Improvement Bonds Series 2008, Issued 12/17/08 3% to 5%	635,000	-	(310,000)	325,000	325,000
Series 2012 A/B - Various Purpose Bonds Issued 11/8/12. 0.65% to 3%	1,570,000	-	(120,000)	1,450,000	125,000
Series 2012 A/B - Premium	25,496	-	(2,685)	22,811	-
Sewer System Improvement Bonds Series 2015, Issued 4/16/15, 2.125%	3,810,000	-	(35,922)	3,774,078	72,797
+++2016 Refunding Bonds 2-4% Issued 5/3/16, Matures 12/1/33	8,480,000	-	(160,000)	8,320,000	160,000
+++2016 Refunding Bonds Premium 2014 Refunding Bonds, 3-5% Issued 9/30/14, Matures 12/1/39	1,226,032	-	(72,475)	1,153,557	-
2014 Refunding Bonds Premium	11,845,000	-	(380,000)	11,465,000	395,000
	313,372	-	(15,277)	298,095	-
Net Pension Liability-OPERS	5,444,072	1,678,386	-	7,122,458	-
Compensated Absences Payable	260,885	269,412	(272,733)	257,564	93,774
Total Business-Type Activities	\$ 35,779,957	\$ 1,947,798	\$ (1,404,892)	\$ 36,322,863	\$ 1,208,871

+++The beginning balance was restated to properly account for the Series 2016 Sewer System Refunding Bonds. See Note 19 for further details.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 9 – LONG TERM LIABILITIES (Continued)

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

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

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

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

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

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 9 – LONG TERM LIABILITIES (Continued)

The 2007 and 2008 bonds refunded are considered to be defeased and the liability for those bonds was removed from the bonds payable balance. The 2016 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,150,388. This difference, reported in the accompanying basic financial statements as a deferred outflow of resources, is being charged to operations through December 1, 2033 using the straight-line method. The County completed the advance refunding to reduce its total bond payments through December 1, 2033 by \$1,439,500 and to obtain an economic gain (difference between the present values of the old and new bond payments) of approximately \$1.0 million. At December 31, 2017, the County held approximately \$7.6 million in escrow to pay off the advance refunded 2008 Sewer System Improvement Bonds on the December 1, 2018 call date.

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

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

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

	Sewer System Improvement Bonds, Series 2007			Sewer System Improvement Bonds, Series 2008		
	Principal	Interest	Totals	Principal	Interest	Totals
2018	\$ 37,300	\$ 88,040	\$ 125,340	\$ 325,000	\$ 16,250	\$ 341,250
2019	38,800	86,501	125,301	-	-	-
2020	40,400	84,751	125,151	-	-	-
2021	42,000	83,234	125,234	-	-	-
2022	43,800	81,502	125,302	-	-	-
2023-2027	247,600	378,874	626,474	-	-	-
2028-2032	303,100	323,418	626,518	-	-	-
2033-2037	371,200	255,517	626,717	-	-	-
2038-2042	454,200	172,368	626,568	-	-	-
2043-2047	555,900	70,644	626,544	-	-	-
Total	<u>\$ 2,134,300</u>	<u>\$ 1,624,849</u>	<u>\$ 3,759,149</u>	<u>\$ 325,000</u>	<u>\$ 16,250</u>	<u>\$ 341,250</u>

	2014 Refunding Bonds			911 System Loan		
	Principal	Interest	Totals	Principal	Interest	Totals
2018	\$ 395,000	\$ 425,388	\$ 820,388	\$ 68,027	\$ -	\$ 68,027
2019	410,000	409,587	819,587	68,027	-	68,027
2020	420,000	401,388	821,388	68,028	-	68,028
2021	440,000	384,588	824,588	-	-	-
2022	450,000	366,987	816,987	-	-	-
2023-2027	2,600,000	1,504,436	4,104,436	-	-	-
2028-2032	3,090,000	1,006,394	4,096,394	-	-	-
2033-2037	3,110,000	426,270	3,536,270	-	-	-
2038-2039	550,000	32,162	582,162	-	-	-
Total	<u>\$ 11,465,000</u>	<u>\$ 4,957,200</u>	<u>\$ 16,422,200</u>	<u>\$ 204,082</u>	<u>\$ -</u>	<u>\$ 204,082</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 9 – LONG TERM LIABILITIES (Continued)

	Various Purpose Refunding Bonds, Series 2012 A/B			Sewer System Improvement Bonds, Series 2015		
	Principal	Interest	Totals	Principal	Interest	Totals
2018	\$ 755,000	\$ 167,024	\$ 922,024	\$ 72,797	\$ 79,814	\$ 152,611
2019	765,000	151,924	916,924	74,419	78,258	152,677
2020	780,000	136,624	916,624	76,082	76,879	152,961
2021	800,000	119,074	919,074	77,789	75,042	152,831
2022	815,000	99,075	914,075	79,538	73,380	152,918
2023-2027	1,590,000	314,510	1,904,510	425,806	340,824	766,630
2028-2032	1,230,000	113,100	1,343,100	477,522	293,273	770,795
2033-2037	-	-	-	487,904	240,661	728,565
2038-2042	-	-	-	495,561	189,603	685,164
2043-2047	-	-	-	553,257	134,254	687,511
2048-2052	-	-	-	618,679	72,395	691,074
2053-2055	-	-	-	334,724	10,739	345,463
Total	\$ 6,735,000	\$ 1,101,331	\$ 7,836,331	\$ 3,774,078	\$ 1,665,122	\$ 5,439,200

2016 Refunding Bonds			
	Principal	Interest	Totals
2018	\$ 160,000	\$ 320,150	\$ 480,150
2019	465,000	316,950	781,950
2020	480,000	303,000	783,000
2021	505,000	288,600	793,600
2022	515,000	268,400	783,400
2023-2027	2,930,000	1,014,600	3,944,600
2028-2032	2,665,000	448,400	3,113,400
2033	600,000	24,000	624,000
Total	\$ 8,320,000	\$ 2,984,100	\$ 11,304,100

Pledged Revenues on Debt Issuances – The County has pledged future Logan Acres home revenues, net of specified operating expenses, to repay the county home bonds issued, the majority of which were refunded with the 2014 Refunding Bonds. Proceeds from the bonds provided financing for the construction of the Logan Acres facility. The bonds are payable solely from the home customers net revenues and are payable through 2039.

The County also has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2.41 million in sewer system improvement revenue bonds issued in March 2007. Proceeds from the bonds provided financing for the construction of sanitary sewers and installing individual grinder pumping stations. The bonds are payable solely from sewer customer net revenues and are payable through 2047. Annual principal and interest payments on the bonds are expected to require less than 13 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$3,759,149. Principal and interest paid for the current year and total customer net revenues in 2017 were \$125,317 and \$1,181,481, respectively.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 10 – COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the Government-wide Financial Statements. Upon termination of County service, a fully vested employee is entitled to 25% of their accumulated sick leave not to exceed 30 days, plus all accumulated vacation and overtime. At December 31, 2017 vested vacation, compensatory, and sick leave benefits for governmental activity and business-type activity employees totaled \$1,155,222 and \$257,564, respectively.

NOTE 11 – SHORT TERM LIABILITIES

During 2016 and 2017, the County entered into bond anticipation notes for the purpose of paying the cost of renovating the County Courthouse. The notes are payable from the Capital Improvement Buildings fund. The changes in the County's short term liabilities during the fiscal year are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Note Issued 12/22/2016. 2.00%	\$ 6,000,000	\$ -	\$ (6,000,000)	\$ -
Bond Anticipation Note Issued 12/19/2017. 2.00%	-	6,000,000	-	6,000,000
Bond Anticipation Note Issued 4/19/2017. 2.00%	-	3,500,000	-	3,500,000
	<u>\$ 6,000,000</u>	<u>\$ 9,500,000</u>	<u>\$ (6,000,000)</u>	<u>\$ 9,500,000</u>

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

Net Pension (Asset)/Liability

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

	State and Local	Law Enforcement
2017 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %
2017 Actual Contribution Rates		
Employer:		
Pension	13.0 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0
Total Employer	14.0 %	18.1 %
Employee	10.0 %	13.0 %

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

The County's contractually required contribution was \$2,307,931 for 2017. Of this amount, \$382,596 is reported as a due to other governments.

State Teachers Retirement Systems

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

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The County's contractually required contribution to STRS was \$90,042 for fiscal year 2017. Of this amount, \$5,224 is reported as a due to other governments.

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

The net pension asset and net pension liability for OPERS was measured as of December 31, 2016, and the total pension (asset)/liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of that date. STRS's total pension liability was measured as of June 30, 2017 and was determined by rolling forward the total pension liability as of July 1, 2016, to June 30, 2017. The County's proportion of the net pension asset and net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Proportionate Share of the Net Pension (Asset)/Liability	\$31,055,643	(\$67,106)	\$1,363,511	\$32,352,048
Proportion of the Net Pension Liability/(Asset)	0.136759%	0.120570%	0.00573984%	
Pension Expense	\$6,565,808	\$37,472	(\$570,221)	\$6,033,059

At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 42,094		\$ 52,654	\$ 94,748
Net difference between projected and actual earnings on pension plan investments	4,624,902	16,373	-	4,641,275
Changes in proportionate share	172,475	4,140	24,777	201,392
Changes in assumptions	4,925,805	16,355	298,215	5,240,375
County contributions subsequent to the measurement date	2,232,884	75,047	45,021	2,352,952
Total Deferred Outflows of Resources	<u>\$ 11,998,160</u>	<u>\$ 111,915</u>	<u>\$ 420,667</u>	<u>\$ 12,530,742</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$ 184,826	\$ 34,319	\$ 10,990	\$ 230,135
Net difference between projected and actual earnings on pension plan investments	-	-	44,998	44,998
Changes in proportionate share	143,097	242	54,261	197,600
Total Deferred Inflows of Resources	<u>\$ 327,923</u>	<u>\$ 34,561</u>	<u>\$ 110,249</u>	<u>\$ 472,733</u>

\$2,352,952 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	STRS	Total
2018	\$ 3,901,365	\$ 3,709	\$ 56,062	\$ 3,961,136
2019	4,027,032	3,711	117,272	4,148,015
2020	1,644,518	3,000	81,810	1,729,328
2021	(135,562)	(2,803)	10,253	(128,112)
2022	-	(2,189)	-	(2,189)
Thereafter	-	(3,121)	-	(3,121)
Total	\$ 9,437,353	\$ 2,307	\$ 265,397	\$ 9,705,057

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Projected Salary Increases - Traditional Plan	3.25 to 10.75 percent including wage inflation
Projected Salary Increases - Combined Plan	3.25 to 8.25 percent including wage inflation
Cost-of-living Adjustments - Pre-1/7/13 Retirees	3.00% Simple
Cost-of-living Adjustments - Post-1/7/13 Retirees	3.00% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.50%
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust Portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension (asset)/liability was 7.5 percent, post-experience study results, for all plans. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset)/liability.

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
County's proportionate share of the net pension (asset)/liability			
Traditional Plan	\$ 47,444,432	\$ 31,055,643	\$ 17,398,480
Combined Plan	4,823	(67,106)	(122,981)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0 percent effective July 1, 2017

Mortality rates were based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

LOGAN COUNTY
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
County's proportionate share of the net pension liability	\$1,954,547	\$1,363,511	\$865,652

Assumption Changes Since the Measurement Date The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes Since the Prior Measurement Date Effective July 1, 2017, the COLA was reduced to zero.

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, 2017, none have elected Social Security.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care trusts, which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA).

In order to qualify for coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. See the Plan Statement in the OPERS 2016 CAFR for details.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, local employers contributed at a rate of 14.0% of earnable salary and Law Enforcement employers contributed at 18.1%. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members of the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 remained at 0.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited for Member-Directed Plan participants for 2017 was 4.0%.

The County's contributions to OPERS to fund health care for the years ending December 31, 2017, 2016, and 2015 were \$174,455, \$346,277, and \$356,007, respectively. The full amount has been contributed for 2016 and 2015. 84 percent has been contributed for 2017 with the remainder being reported as a fund liability.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

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

State Teachers Retirement System

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

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

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 0% of covered payroll was allocated to post-employment health care for the years ended June 30, 2017, 2016 and 2015. The 14% employer contribution rate is the maximum rate established under Ohio law. The County's contributions for health care for the fiscal years ended December 31, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

NOTE 14 – DEFERRED COMPENSATION PLAN

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

NOTE 15 – CONTINGENT LIABILITIES

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

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

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 16 – INSURANCE

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

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

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

NOTE 17 – TAX ABATEMENTS

Ohio Enterprise Zone Program

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

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

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

The gross dollar amount by which the taxes were reduced to the County for 2017 was as follows:

Company	Tax Years	Percent	Amount
Honda Transmission Manufacturing of America	2008-2017	100	\$ 21,646
NK Parts Industries, Inc.	2007-2016	100	\$ 15,141
NEX Transport, Inc.	2015-2024	100	5,120
Midwest Express, Inc.	2014-2023	60	3,091
			<u>\$ 44,998</u>

In addition, under tax abatement agreements entered into by the City of Bellefontaine with AcuSport Corporation and ISS America, Inc, the County's 2016 property tax revenues were reduced by \$12,918 and \$978, respectively.

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES

For 2017, the County implemented GASB Statement No. 73 *“Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”*, which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this statement did not have a significant effect on the financial statements of the County.

For 2017, the County implemented GASB Statement No. 74 *“Financial Reporting for Postemployment Benefit Plans other than Pension Plans”* which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this statement did not have an effect on the financial statements of the County.

For 2017, the County implemented GASB Statement No. 80 *“Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14”*, which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The implementation of this statement did not have an effect on the financial statements of the County.

For 2017, the County implemented GASB Statement No. 81 *“Irrevocable Split-Interest Agreements”*, which improves financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of this statement did not have an effect on the financial statements of the County.

For 2017, the County implemented GASB Statement No. 82 *“Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73”*, which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of this statement did not have a significant effect on the financial statements of the County.

NOTE 19 – RESTATEMENT OF NET POSITION

In 2017, the County had to restate beginning net position to properly account for Sewer System refunding bonds issued in 2016. The net effect of this accounting change on beginning net position was an understatement of \$195,519. A summary of changes in beginning net position is as follows:

	Water Pollution Control Fund	Business-Type Activities
Net Position, December 31, 2016	\$ 16,864,794	\$ 20,768,446
Understatement of Deferred Outflows of Resources	1,101,551	1,101,551
Understatement of Long-Term Liabilities	<u>(906,032)</u>	<u>(906,032)</u>
Understatement of Net Position	<u>195,519</u>	<u>195,519</u>
Net Position, January 1, 2017	<u>\$ 17,060,313</u>	<u>\$ 20,963,965</u>

LOGAN COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

NOTE 20 – SUBSEQUENT EVENT

On April 18, 2018, the County issued \$3,500,000 in Capital Facilities Bond Anticipation Notes to pay off \$3,500,000 in Capital Facilities Bond Anticipation Notes issued on April 17, 2017 for improvements to the Courthouse, Carnegie Building and Memorial Hall. The Notes carry an interest rate of 3.0 percent and mature on December 19, 2018.

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

Last Four Years (1)

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

(1) Information prior to 2014 is not available.

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

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

Last Five Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
County's Proportion of the Net Pension Liability	0.00573984%	0.005971%	0.005828%	0.006373%	0.006373%
County's Proportionate Share of the Net Pension Liability	\$ 1,363,511	\$ 1,998,674	\$ 1,610,733	\$ 1,550,039	\$ 1,846,397
County's Covered-Employee Payroll	\$ 643,158	\$ 722,897	\$ 688,887	\$ 701,192	\$ 708,177
County's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	212.00%	276.48%	233.82%	221.06%	260.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

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

Last Five Years (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution					
State and Local	\$ 2,067,785	\$ 1,936,764	\$ 1,980,297	\$ 1,848,211	\$ 2,081,375
Law Enforcement	\$ 240,146	\$ 189,037	\$ 208,958	\$ 213,580	\$ 197,251
Contributions in relation to the contractually required contribution	\$ 2,307,931	\$ 2,125,801	\$ 2,189,255	\$ 2,061,791	\$ 2,278,626
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll					
State and Local	\$ 15,906,038	\$ 16,139,704	\$ 16,502,473	\$ 15,401,758	\$ 16,010,577
Law Enforcement	\$ 1,404,362	\$ 1,174,141	\$ 1,297,874	\$ 1,326,584	\$ 1,153,512
Contributions as a percentage of covered-employee payroll					
State and Local	13.00%	12.00%	12.00%	12.00%	13.00%
Law Enforcement	17.10%	16.10%	16.10%	16.10%	17.10%

(1) Information prior to 2013 is not available.

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

Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$ 90,042	\$ 101,206	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969	\$ 131,400
Contributions in relation to the contractually required contribution	\$ 90,042	\$ 101,206	\$ 96,444	\$ 91,155	\$ 92,063	\$ 93,225	\$ 124,075	\$ 131,237	\$ 136,969	\$ 131,400
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 643,158	\$ 722,897	\$ 688,887	\$ 701,192	\$ 708,177	\$ 717,115	\$ 954,423	\$ 1,009,515	\$ 1,053,608	\$ 1,010,769
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Award Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through the Ohio Department of Job & Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program - Total SNAP Cluster	10.561	G-1617-06-0360	\$ -	\$ 275,612
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)	-	5,995
National School Lunch Program	10.555	(1)	-	12,423
Total Child Nutrition Cluster			-	18,418
Total U.S. Department of Agriculture			-	294,030
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
<i>Pass through the Ohio Development Services Agency</i>				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii:				
Community Housing Improvement Program	14.228	B-C-15-1BP-1	-	257,370
Formula Grant	14.228	B-F-15-1BP-1	-	300,674
Formula Grant	14.228	B-F-16-1BP-1	-	31,000
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			-	589,044
Home Investment Partnerships Program	14.239	B-C-15-1BP-2	-	144,323
Total U.S. Department of Housing and Urban Development			-	733,367
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Passed through the Ohio Department of Youth Services</i>				
Juvenile Accountability Block Grant	16.523	2013-JB-015-B0095	-	714
<i>Passed through the Ohio Attorney General's Office</i>				
Crime Victim Assistance	16.575	2017-VOCA-43554936	-	69,535
Crime Victim Assistance	16.575	2018-VOCA-109147101	-	18,044
Total Crime Victim Assistance			-	87,579
<i>Passed through the Ohio Department of Public Safety</i>				
Edward Byrne Memorial Justice Assistance Grant Program:				
Edward Byrne Memorial JAG - Family Treatment Court	16.738	2015-JG-D01-6069	-	43,768
Edward Byrne Memorial JAG - Jail Programs	16.738	2015-JG-C01-6066	-	10,378
Edward Byrne Memorial JAG - Jail Programs	16.738	2016-JG-C01-6066	-	50,813
Edward Byrne Memorial JAG - Violent Crimes	16.738	2016-JG-A02-6821	-	25,822
Edward Byrne Memorial JAG - Family Treatment Court	16.738	2016-JG-D02-6069	-	41,491
Total Edward Byrne Memorial Justice Assistance Grant Program			-	172,272
Total U.S. Department of Justice			-	260,565
<u>U.S. DEPARTMENT OF LABOR</u>				
<i>Passed through the Ohio Department of Job & Family Services and Area 7 Workforce Investment Board</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	2010-7346	-	97,647
WIOA Youth Activities	17.259	2010-7346	-	8,485
WIOA Dislocated Worker Formula Grants	17.278	2010-7346	-	36,861
Total WIOA Cluster			-	142,993
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities - Total Employment Service Cluster	17.207	2010-7346	-	65,099
Total U.S. Department of Labor			-	208,092

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Award Disbursements
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through the Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster	20.205	PID #95199	-	149,779
Highway Planning and Construction Cluster	20.205	PID #103470	-	35,100
Highway Planning and Construction Cluster	20.205	PID #104229	-	50,000
Total Highway Planning and Construction Cluster			-	234,879
<i>Passed through the Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	STEP-2017-46-00-00-00-508	-	10,377
State and Community Highway Safety	20.600	STEP-2018-00092	-	1,528
Total State and Community Highway Safety			-	11,905
National Priority Safety Programs	20.616	IDEP-2017-46-00-00-00-433	-	14,108
Total Highway Safety Cluster			-	26,013
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	IDEP-2018-00092	-	3,700
Total U.S. Department of Transportation			-	264,592
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster (IDEA):				
Special Education Preschool Grants - Total Special Education Cluster	84.173	(1)	-	36,340
Total U.S. Department of Education			-	36,340
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through the Ohio Department of Job & Family Services</i>				
Promoting Safe and Stable Families	93.556	G-1617-06-0360/G-1819-06-0138	-	62,472
TANF Cluster				
Temporary Assistance for Needy Families - Total TANF Cluster	93.558	G-1617-06-0360/G-1819-06-0138	34,996	535,982
Child Support Enforcement	93.563	G-1617-06-0360/G-1819-06-0138	-	705,782
CCDF Cluster				
Child Care Development Block Grant - Total CCDF Cluster	93.575	G-1617-06-0360/G-1819-06-0138	-	49,584
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1617-06-0360/G-1819-06-0138	-	55,525
Foster Care - Title IV-E	93.658	G-1617-06-0360/G-1819-06-0138	-	419,290
Adoption Assistance	93.659	G-1617-06-0360/G-1819-06-0138	-	260,814
Social Services Block Grant:				
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	(1)	-	30,717
<i>Passed through the Ohio Department of Job & Family Services</i>				
Social Services Block Grant	93.667	G-1617-06-0360/G-1819-06-0138	51,062	508,492
Total Social Services Block Grant			51,062	539,209
<i>Passed through the Ohio Department of Job & Family Services</i>				
Chafee Foster Care Independence Program	93.674	G-1617-06-0360/G-1819-06-0138	-	4,613
Medicaid Cluster:				
<i>Passed through the Ohio Department of Job & Family Services</i>				
Medical Assistance Program	93.778	G-1617-06-0360/G-1819-06-0138	-	512,178
<i>Passed through the Ohio Department of Developmental Disabilities</i>				
Medical Assistance Program	93.778	(1)	-	130,987
Total Medicaid Cluster			-	643,165
Total U.S. Department of Health and Human Services			86,058	3,276,436

LOGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Award Disbursements
<u>U.S DEPARTMENT OF HOMELAND SECURITY</u>				
<i>Passed through the Ohio Department of Public Safety Emergency Management Agency</i>				
Emergency Management Performance Grants	97.042	EMC-2016-EP-00003-S01	-	29,249
Emergency Management Performance Grants	97.042	EMC-2017-EP-00006-S01	-	33,109
Total Emergency Management Performance Grants			-	62,358
Pre-Disaster Mitigation	97.047	EMC-2016-PC-0001	-	3,750
Homeland Security Program	97.067	EMW-2015-SS-00086	-	129,212
Total U.S. Department of Homeland Security			-	195,320
Total Expenditures of Federal Awards			\$ 86,058	\$ 5,268,742

(1) Pass through number not available.

LOGAN COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2 CFR 200.510(b)(6) FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Logan County, Ohio (the County) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

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

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

NOTE D – MATCHING REQUIREMENTS

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

NOTE E – TRANSFERS BETWEEN FEDERAL PROGRAMS

The U.S. Department of Health and Human Services permits the Ohio Department of Job and Family Services (ODJFS) to transfer funds from the Temporary Assistance for Needy Families (93.558) program to the Social Services Block Grant (93.667) program. During fiscal year 2017, ODJFS transferred \$308,314 of the County's Temporary Assistance for Needy Families (93.558) funds to the Social Services Block Grant program.

LOGAN COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE E – TRANSFERS BETWEEN FEDERAL PROGRAMS (CONTINUED)

The Schedule of Expenditures of Federal Awards shows the County spent \$535,982 on the Temporary Assistance for Needy Families program. The amount reported for the Temporary Assistance for Needy Families program on the Schedule of Expenditures of Federal Awards excludes the amount ODJFS transferred to the Social Services Block Grant program. The amount ODJFS transferred to the Social Services Block Grant program is included in the federal program expenditures for this program. The following table shows the gross amount drawn for the Temporary Assistance for Needy Families program during the fiscal year 2017:

Total Temporary Assistance for Needy Families.....	\$ 844,296
Total reported as Social Services Block Grant	<u>(308,314)</u>
Total reported as Temporary Assistance for Needy Families.....	<u>\$ 535,982</u>

NOTE F – COST REPORT SETTLEMENTS

During the calendar year, the County Board of Developmental Disabilities received notice of a liability owed to the Ohio Department of Developmental Disabilities for the 2012 and 2013 Cost Reports for the Medicaid Program (CFDA #93.778) in the amount of \$3,148 and \$2,753, respectively. The Cost Report Settlement liability was for settlement of the difference between the statewide payment rate and the rate calculated based upon actual expenditures for Medicaid services. The liability is not listed on the County's Schedule of Expenditures of Federal Awards since the underlying expenses occurred in the prior reporting periods and the liability was invoiced by the Ohio Department of Developmental Disabilities.

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Dave Yost • Auditor of State

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Logan County, (the County) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 5, 2018. We noted the County restated the Water Pollution Control Fund and Business-Type Activities Net Position for December 31, 2016 to properly account for Sewer System refunding bonds issued in 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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

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Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2018



Dave Yost • Auditor of State

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

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

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

Report on Compliance for each Major Federal Program

We have audited Logan County's (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Logan County's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

As described in Finding 2017-001 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management applicable to its CFDA 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii major federal program. Compliance with this requirement is necessary, in our opinion, for the County to comply with requirements applicable to this program.

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

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

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii* paragraph, Logan County complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii for the year ended December 31, 2017.

Unmodified Opinion on the Other Major Federal Programs

In our opinion, Logan County complied in all material respects with the requirements referred to above that could directly and materially affect each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2017-001.

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2018

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LOGAN COUNTY
SCHEDULE OF FINDINGS
 2 C.F.R. § 200.515
 DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2017-001		
CFDA Title and Number	CFDA #14.228 – Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii		
Federal Award Identification Number / Year	B-C-15-1BP-1		
Federal Agency	U.S. Department of Housing and Urban Development		
Compliance Requirement	Cash Management		
Pass-Through Entity	Ohio Development Services Agency		
Repeat Finding from Prior Audit?	Yes	Finding Number? (if repeat)	2016-003

NONCOMPLIANCE AND MATERIAL WEAKNESS

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

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

Additionally, Ohio Development Services Agency (ODSA) Office of Community Development (OCD) Grant Operations and Financial Management Policy and Procedures Section (A)(2)(f) states the grantee must develop a cash management system to minimize the time elapsed between the funds transfer from OCD and funds disbursed by the grantee, in compliance with 2 C.F.R § 200.305 – Payment. Implementing the cash management system shall ensure disbursed OCD funds-on-hand balance is less than \$5,000 within 30 days of receiving the funds. Lump sum drawdowns are not permitted.

The Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii B-C-15-1BP-1 grant had a balance greater than \$5,000 from January 2017 through November 2017 reaching balances in excess of \$160,000 during October 2017.

**FINDING 2017-001
(Continued)**

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

Official's Response:

See Corrective Action Plan on page 93.



LOGAN COUNTY AUDITOR

Kacy Kirby, Chief Deputy LeAnn Taylor, Chief Deputy

LOGAN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017

<i>Finding Number</i>	<i>Finding Summary</i>	<i>Status</i>	<i>Additional Information</i>
2016-001	<i>Financial Reporting – Misstatements identified in financial statements</i>	<i>Partially Corrected</i>	Repeated in Management Letter. We are constantly trying to record revenues and expenditures properly. We are also awaiting our new budgetary software which I believe will help us make the proper accounting of items. Software to be active 1.1.2019
2016-002	<i>23 CFR §172.7(b)(3) – Procurement, Suspension, and Debarment</i>	<i>Fully Corrected</i>	
2016-003	<i>2 CFR §200.305 – Cash Management</i>	<i>Partially Corrected</i>	Repeated as Finding 2017-001 We are also awaiting our new budgetary software which I believe will help us make the proper accounting of items. Software to be active 1.1.2019
2016-004	<i>45 CFR Part 75, Subpart D §75.352(d) – Subrecipient Monitoring</i>	<i>Fully Corrected</i>	

100 South Madriver Street Bellefontaine, Ohio 43311 Voice: (937)599-2250
Fax: (937) 599-7216 Email: jreser@co.logan.oh.us



LOGAN COUNTY AUDITOR

Kacy Kirby, Chief Deputy LeAnn Taylor, Chief Deputy

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	On all grants drawdowns are only made after receiving contractor invoices or when the Notice to Proceed is issued. We monitor drawdowns and payments to ensure that funds are expended within 30 days of receipt from the State of Ohio. We will work with the Logan County Auditor's Office to improve our cash management procedures. New financial software is to be installed on 1.1.2019 for real time information. We believe this will improve our management.	12/31/2018	Brian Dunn, Project Coordinator

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Dave Yost • Auditor of State

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 27, 2018