

Logan County Financial Condition

Single Audit

January 1, 2004 through December 31, 2004

Fiscal Year Audited Under GAGAS: 2004

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

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**Auditor of State  
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of Logan County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY  
Auditor of State

August 26, 2005

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Ohio Society of Certified Public Accountants

## **Independent Auditor's Report**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Logan County, Ohio (the County), as of and for the year ended December 31, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund, Auto and Gas fund, Board of MRDD fund, and the Children Services fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2005, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Board of Commissioners of Logan County  
Independent Auditor's Report

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



Balestra, Harr & Scherer, CPAs, Inc.  
July 12, 2005



**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*

*Unaudited*

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The discussion and analysis of Logan County's financial performance provides an overall view of the County's financial activities for the Year Ended December 31, 2004. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review notes to the basic financial statements, and the financial statements themselves, to enhance their understanding of the County's financial performance.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- The County's net assets increased \$1.7 million as a result of this year's operations. Net assets of our business-type activities increased \$1.1 million or 9 percent, and net assets of our governmental activities increased \$.6 million or .86 percent.
- Business-Type activities had expenses \$1.1 million less than the \$7.4 million in program and general revenues generated for such expenses.

**Using this Annual Financial Report**

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

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

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

*Statement of Net Assets and the Statement of Activities*

While this document contains a large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Logan County**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

*Fund Financial Statements*

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

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

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

**The County as a Whole**

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

Table 1  
 Net Assets  
 (In Millions)

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004	Total 2003
<b>Asset</b>				
Current and Other Assets	\$27.7	\$3.0	\$30.7	\$33.5
Capital Assets, Net	62.8	13.8	76.6	73.8
<b>Total Assets</b>	<b>\$90.5</b>	<b>\$16.8</b>	<b>\$107.3</b>	<b>\$107.3</b>

**Logan County**  
*Management's Discussion and Analysis*  
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Table 1  
(Continued)  
Net Assets  
(In Millions)

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004	Total 2003
<b>Liabilities</b>				
Other Liabilities	\$5.9	\$0.5	\$6.4	\$7.1
Long-Term Liabilities	9.1	4.5	13.6	14.6
Total Liabilities	15.0	5.0	20.0	21.7
<b>Net Assets</b>				
Invested in Capital				
Assets Net of Debt	54.9	9.9	64.8	61.6
Restricted	16.7	0.0	16.7	14.3
Unrestricted	3.9	1.9	5.8	9.7
Total Net Assets	<u>\$75.5</u>	<u>\$11.8</u>	<u>\$87.3</u>	<u>\$85.6</u>

The increase in current and other assets is primarily due to a decrease in equity in pooled cash and cash equivalents in governmental activities of \$2.8 million and in business-type activities of \$.7 million. The decrease in other liabilities is primarily due to decreases in accounts payable in governmental activities of \$.5 million. The decrease in long-term liabilities is primarily due to debt service principal payments being made in fiscal year 2004. The increase in net assets is due to major capital assets additions and increased operating grants and contributions which are partially offset by decreases in unrestricted net assets which are the result of the General Fund providing resources to other funds of the County.

Table 2 shows comparative numbers for the changes in net assets for the years 2004 and 2003.

Table 2  
Changes in Net Assets  
(In Millions)

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004	Total 2003
<b>Revenues</b>				
Program Revenues:				
Charges for Services and Sales	\$4.6	\$4.8	\$9.4	\$10.2
Operating Grants and Contributions	11.2	2.1	13.3	13.0
Capital Grants and Contributions	0.0	0.5	0.5	1.2
Total Program Revenues	15.8	7.4	23.2	24.4
General Revenues:				
Property Taxes	7.0	0.0	7.0	6.6
Grants and Contributions Not Restricted	4.2	0.0	4.2	3.8
Sales Tax	4.7	0.0	4.7	4.9
Other	2.1	0.0	2.1	2.5
Total General Revenues	18.0	0.0	18.0	17.8
Total Revenues	<u>\$33.8</u>	<u>\$7.4</u>	<u>\$41.2</u>	<u>\$42.2</u>

**Logan County**  
*Management's Discussion and Analysis*  
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*Unaudited*

Table 2  
(Continued)  
Changes in Net Assets  
(In Millions)

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004	Total 2003
<b>Program Expenses</b>				
General Government – Legislative and Executive	\$4.5	\$0.0	\$4.5	\$4.0
General Government – Judicial	2.2	0.0	2.2	2.2
Public Safety	7.1	0.0	7.1	6.7
Public Works	5.0	0.0	5.0	7.3
Health	1.1	0.0	1.1	0.6
Human Services	12.3	0.0	12.3	12.2
Conservation and Recreation	0.2	0.0	0.2	0.5
Economic Development and Assistance	0.2	0.0	0.2	0.2
Urban Redevelopment and Housing	0.2	0.0	0.2	0.3
Other	0.0	0.0	0.0	1.4
Interest and Fiscal Charges	0.3	0.0	0.3	0.3
Wastewater Pollution Control Fund	0.0	1.5	1.5	2.0
Logan Acres County Home Fund	0.0	4.7	4.7	4.6
HAZMAT Fund	0.0	0.0	0.0	0.0
Sheriff's Policing Fund	0.0	0.1	0.1	0.1
<b>Total Expenses</b>	<b>33.1</b>	<b>6.3</b>	<b>39.4</b>	<b>42.4</b>
Increase (Decrease) in Net Assets	0.7	1.1	1.8	(0.2)
Net Assets Beginning of Year	74.8	10.7	85.5	85.7
Net Assets End of Year	\$75.5	\$11.8	\$87.3	\$85.5

The decline in revenues from 2003 to 2004 was primarily due to increases in operating grants and contributions of \$.3 million, decreases in capital grants and contributions of \$.7 million, and a decrease in charges for services and sales of \$.8 million.

The decrease in expenses from 2003 to 2004 was primarily due to a decrease in public works expenses of \$2.3 million. The increase in net assets was due to the decline in expenses which was partially offset by the decline in revenues.

***Governmental Activities***

While the budget is tight, no reductions were put into place during 2004; however the 2004 General fund reflects a flat or “no growth” plan.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons are made to 2003.

The dependence upon tax revenues for governmental activities is apparent. Over 96 percent of public safety and other human services are supported through taxes and other general revenues, for all governmental activities revenue support is 55 percent. The community, as a whole, is by far the primary support for the County.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*

*Unaudited*

Table 3  
 Governmental Activities  
 (In Millions)

	Total Cost of Services 2004	Net Cost of Services 2004	Total Cost of Services 2003	Net Cost of Services 2003
General Government - Legislative and Executive	\$4.5	\$3.0	\$4.0	\$2.7
General Government - Judicial	2.2	0.7	2.2	1.3
Public Safety	7.1	6.4	6.7	4.3
Public Works	5.0	(0.5)	7.3	3.7
Health	1.1	1.1	0.6	(0.2)
Human Services	12.3	5.9	12.2	12.2
Conservation and Recreation	0.2	0.1	0.5	(6.4)
Economic Development and Assistance	0.2	0.2	0.2	0.2
Urban Redevelopment and Housing	0.2	0.1	0.3	0.0
Economic Opportunity	0.0	0.0	0.0	(0.6)
Other	0.0	0.0	1.4	1.4
Interest and Fiscal Charges	0.3	0.3	0.3	0.3
<b>Total Expenses</b>	<b>\$33.1</b>	<b>\$17.3</b>	<b>\$35.7</b>	<b>\$18.9</b>

***Business-Type Activities***

Business-type activities include the Water Pollution Control Fund and Logan Acres County Home Fund. These programs had revenues of \$7.4 million and expenses of \$6.3 million for the year 2004. Business activities receive no support from tax revenues.

**The County's Funds**

Information about the County's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$33.3 million and expenditures of \$35.2 million. The net change in fund balance for the year was most significant in the General Fund, a decrease of \$3.2 million. This decline indicated the County needed to increase its revenue base and/or decrease its expenditures to continue meeting County obligations as a whole.

***General Fund Budgeting Highlights***

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

During the course of the year 2004 the County amended its General Fund budget numerous times. The County uses department based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, the final budgeted revenue was \$15.0 million, below original budget estimates of \$15.5 million. Based upon a sluggish economy, the County needed to revise estimates lower.

The County's 2004 ending unobligated General Fund cash balance was \$.3 million below the final budgeted amount.

**Logan County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*

*Unaudited*

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of the 2004 the County had \$76.6 million invested in land, buildings, equipment, vehicles, and infrastructure, of which \$62.8 million was in governmental activities. Table 4 shows the 2004 balances.

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

	Governmental Activities 2004	Business-Type Activities 2004	Total 2004	Total 2003
Land	\$4.1	\$0.2	\$4.3	\$4.3
Land Improvements	0.2	0.2	0.4	0.5
Buildings and Improvements	15.1	0.8	15.9	16.2
Machinery & Equipment	3.0	0.6	3.6	3.1
Vehicles	1.8	0.1	1.9	1.8
Infrastructure	38.6	11.1	49.7	47.6
Construction in Progress	0.0	0.8	0.8	0.3
<b>Totals</b>	<b>\$62.8</b>	<b>\$13.8</b>	<b>\$76.6</b>	<b>\$73.8</b>

The primary increase occurred in infrastructure, which include construction projects for road and bridge rebuilding. Other areas were held back because of budget restraints. Please see Note 9 to the basic financial statements for additional information regarding capital assets.

***Debt***

As of December 31, 2004, the County had \$12.2 million in bonds and notes outstanding, \$2.2 million due within one year. Table 5 summarizes bonds and notes outstanding.

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

	Governmental Activities 2004	Business- Type Activities 2004	Governmental Activities 2003	Business- Type Activities 2003
Various Purpose Bonds, Series 2	\$7.9	\$0.0	\$8.3	\$0.0
Sewer System Refunding Bonds	0.0	1.6	0.0	2.0
Sewer Special Assessment Bonds	0.0	0.3	0.0	0.5
O.W.D.A. Loan	0.0	1.2	0.0	1.3
Capital Facilities Note	0.0	1.2	0.0	1.2
<b>Total</b>	<b>\$7.9</b>	<b>\$4.3</b>	<b>\$8.3</b>	<b>\$5.0</b>

Please see Note 13 to the basic financial statements for additional information regarding debt.

**Logan County**  
*Management's Discussion and Analysis*  
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*Unaudited*

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

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

**For the Future**

The County is struggling financially. As the preceding information shows, the County heavily depends on its Sales Tax. As we begin 2005, the sales tax seems to be improving over last year's numbers and we trust this improvement to continue.

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

**Contacting the County's Financial Management**

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

**Logan County**  
*Statement of Net Assets*  
*December 31, 2004*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$15,100,085	\$1,661,674	\$16,761,759	\$0
Cash and Cash Equivalents:				
With Fiscal Agents	0	37,718	37,718	544,854
Receivables:				
Taxes	6,454,321	0	6,454,321	0
Accounts	299,442	200,031	499,473	94,782
Special Assessments	44,111	731,436	775,547	0
Accrued Interest	124,755	0	124,755	0
Due From Other Governments	4,981,703	347,582	5,329,285	0
Prepaid Items	105,172	0	105,172	1,000
Material and Supplies Inventory	545,302	56,113	601,415	0
Unamortized Bond Issue Costs	0	19,531	19,531	0
Non-depreciable Capital Assets	4,104,446	959,825	5,064,271	0
Capital Assets, Net of Depreciation	58,703,332	12,809,073	71,512,405	29,645
 Total Assets	\$90,462,669	\$16,822,983	\$107,285,652	\$670,281
 <u>Liabilities</u>				
Accounts Payable	\$661,652	\$231,044	\$892,696	\$12,074
Contracts Payable	80,022	0	80,022	0
Accrued Wages	619,011	130,537	749,548	6,015
Due to Other Governments	235,477	39,240	274,717	4,941
Deferred Revenue	4,196,224	0	4,196,224	0
Deposits Held and due to Others	0	37,618	37,618	0
Accrued Interest Payable	54,311	28,678	82,989	0
Unamortized Premiums on Bonds	28,921	0	28,921	0
Long-Term Liabilities:				
Due within one year	1,300,465	2,030,900	3,331,365	0
Due in more than one year	7,824,454	2,457,377	10,281,831	0
 Total Liabilities	15,000,537	4,955,394	19,955,931	23,030
 <u>Net Assets</u>				
Invested in capital assets, net of related debt	54,846,722	9,941,380	64,788,102	29,645
Restricted for:				
Other Purposes	16,685,090	0	16,685,090	0
Unrestricted	3,930,320	1,926,210	5,856,530	617,606
 Total Net Assets	\$75,462,132	\$11,867,590	\$87,329,722	\$647,251

See accompanying notes to the basic financial statements.



**Logan County**  
*Statement of Activities*  
For the Year Ended December 31, 2004

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total	Component Unit
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental Activities:								
General Government:								
Legislative and Executive	\$4,535,663	\$1,482,906	\$0	\$0	(\$3,052,757)		(\$3,052,757)	
Judicial	2,155,013	767,499	714,810	0	(672,704)		(672,704)	
Public Safety	7,068,529	621,036	79,290	0	(6,368,203)		(6,368,203)	
Public Works	5,015,797	1,384,370	4,103,829	0	472,402		472,402	
Health	1,126,208	10,371	0	0	(1,115,837)		(1,115,837)	
Human Services	12,335,473	361,026	6,119,831	0	(5,854,616)		(5,854,616)	
Conservation and Recreation	194,030	0	134,900	0	(59,130)		(59,130)	
Economic Development and Assistance	233,335	0	22,877	0	(210,458)		(210,458)	
Urban Redevelopment and Housing	176,236	7,300	11,000	0	(157,936)		(157,936)	
Economic Opportunity	0	0	0	0	0		0	
Other	91	0	0	0	(91)		(91)	
Interest and Fiscal Charges	305,003	0	0	0	(305,003)		(305,003)	
<b>Total Governmental Activities</b>	<b>33,145,378</b>	<b>4,634,508</b>	<b>11,186,537</b>	<b>0</b>	<b>(17,324,333)</b>		<b>(17,324,333)</b>	
Business-Type activities:								
Water Pollution Control Fund	1,530,036	2,115,329	0	0		585,293	585,293	
Logan Acres County Home Fund	4,736,429	2,569,398	2,085,770	470,082		388,821	388,821	
HAZMAT Fund	5,648	0	0	0		(5,648)	(5,648)	
Sheriff's Policing Fund	73,014	89,302	0	0		16,288	16,288	
<b>Total Business-Type activities</b>	<b>6,345,127</b>	<b>4,774,029</b>	<b>2,085,770</b>	<b>470,082</b>	<b>0</b>	<b>984,754</b>	<b>984,754</b>	
<b>Total Primary Government</b>	<b>\$39,490,505</b>	<b>\$9,408,537</b>	<b>\$13,272,307</b>	<b>\$470,082</b>	<b>(17,324,333)</b>	<b>984,754</b>	<b>(16,339,579)</b>	
Component Unit:								
RTC Industries, Inc.	\$537,506	\$604,682	\$0	\$0				\$67,176
<b>Total Component Unit</b>	<b>\$537,506</b>	<b>\$604,682</b>	<b>\$0</b>	<b>\$0</b>				<b>67,176</b>
General revenues and transfers:								
Taxes:								
Property taxes for general purposes					6,990,586	0	6,990,586	0
Sales taxes for general purposes					4,738,512	0	4,738,512	0
Grants & Contributions not restricted to specific programs					4,162,739	0	4,162,739	0
Unrestricted Investment earnings					548,949	0	548,949	92,020
Miscellaneous					1,572,934	43,308	1,616,242	0
Transfers					(39,594)	39,594	0	0
<b>Total general revenues and transfers</b>					<b>17,974,126</b>	<b>82,902</b>	<b>18,057,028</b>	<b>92,020</b>
Change in net assets					649,793	1,067,656	1,717,449	159,196
Net Assets - January 1, 2004					74,812,339	10,799,934	85,612,273	488,055
Net Assets - December 31, 2004					<b>\$75,462,132</b>	<b>\$11,867,590</b>	<b>\$87,329,722</b>	<b>\$647,251</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Balance Sheet*  
**Governmental Funds**  
*December 31, 2004*

	General	Auto and Gas	Board of MRDD	Children Services	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$1,643,071	\$329,688	\$1,428,045	\$2,074,443	\$8,773,690	\$14,248,937
Receivables:						
Taxes	3,399,658	0	2,076,771	977,892	0	6,454,321
Accounts	125,333	7,927	12,029	0	154,153	299,442
Special Assessments	0	0	0	0	44,111	44,111
Accrued Interest	124,755	0	0	0	0	124,755
Due from Other Funds	851,148	0	0	0	0	851,148
Due from Other Governments	1,180,854	2,000,094	395,623	297,815	1,107,317	4,981,703
Prepaid Items	96,728	5,113	0	1,756	1,575	105,172
Material and Supply Inventory	62,514	466,521	11,747	3,445	1,075	545,302
Advances to Other Funds	176,030	0	0	0	37,558	213,588
<b>Total Assets</b>	<b>\$7,660,091</b>	<b>\$2,809,343</b>	<b>\$3,924,215</b>	<b>\$3,355,351</b>	<b>\$10,119,479</b>	<b>\$27,868,479</b>
<u>Liabilities</u>						
Accounts Payable	\$346,050	\$23,545	\$49,606	\$58,035	\$184,416	\$661,652
Contracts Payable	0	0	0	0	80,022	80,022
Accrued Wages	264,635	80,215	111,560	38,922	123,679	619,011
Due to Other Governments	111,662	19,935	42,430	11,415	50,035	235,477
Deferred Revenue	3,543,831	1,714,036	2,335,700	1,153,136	923,521	9,670,224
Advances from Other Funds	0	0	0	0	213,588	213,588
<b>Total Liabilities</b>	<b>4,266,178</b>	<b>1,837,731</b>	<b>2,539,296</b>	<b>1,261,508</b>	<b>1,575,261</b>	<b>11,479,974</b>
<u>Fund Balances:</u>						
Reserved for Encumbrances	320,366	4,801	24,889	54,333	332,414	736,803
Reserved for Inventory	62,514	466,521	11,747	3,445	1,075	545,302
Reserved for Advances	176,030	0	0	0	37,588	213,618
Unreserved , Reported in:						
General Fund	2,835,003	0	0	0	0	2,835,003
Special Revenue Funds	0	500,290	1,348,283	2,036,065	7,087,983	10,972,621
Capital Projects Funds	0	0	0	0	1,085,158	1,085,158
<b>Total Fund Balances</b>	<b>3,393,913</b>	<b>971,612</b>	<b>1,384,919</b>	<b>2,093,843</b>	<b>8,544,218</b>	<b>16,388,505</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$7,660,091</b>	<b>\$2,809,343</b>	<b>\$3,924,215</b>	<b>\$3,355,351</b>	<b>\$10,119,479</b>	<b>\$27,868,479</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities*  
*December 31, 2004*

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Total Governmental Fund Balances \$16,388,505

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 62,807,778

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

Taxes	755,580	
Grants	4,572,914	
Accounts Receivable	43,895	
Accrued Interest On Investments	101,611	5,474,000

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	(54,311)	
Unamortized Premiums on Bonds	(28,921)	
Bonds and Notes Payable	(7,925,000)	
Capital Leases Payable	(36,056)	
Compensated Absences Payable	(1,163,863)	(9,208,151)

Net Assets of Governmental Activities

Net Assets of Governmental Activities \$75,462,132

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, 2004*

	General	Auto and Gas	Board of MRDD	Children Services	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$7,910,522	\$0	\$2,688,210	\$1,124,702	\$533,662	\$12,257,096
Intergovernmental	3,174,311	3,512,457	1,337,595	1,130,035	5,263,639	14,418,037
Investment Income	494,458	0	0	0	30,626	525,084
Licenses and Permits	157,509	0	0	0	53,303	210,812
Fines and Forfeitures	186,667	62,680	0	0	65,648	314,995
Special Assessments	0	0	0	0	59,242	59,242
Charges for Services	2,387,802	129,473	150,313	695	1,814,728	4,483,011
Miscellaneous	161,963	2,566	186,877	13,434	682,287	1,047,127
<b>Total Revenue</b>	<b>14,473,232</b>	<b>3,707,176</b>	<b>4,362,995</b>	<b>2,268,866</b>	<b>8,503,135</b>	<b>33,315,404</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General Government:</b>						
Legislative and Executive	3,839,974	0	0	0	644,890	4,484,864
Judicial	1,771,010	0	0	0	413,519	2,184,529
Public Safety	6,599,392	0	0	0	851,815	7,451,207
Public Works	738,842	3,669,253	0	0	2,060,876	6,468,971
Health	536,621	0	0	0	554,328	1,090,949
Human Service	233,828	0	4,704,844	2,210,132	5,033,544	12,182,348
Conservation and Recreation	10,000	0	0	0	174,643	184,643
Economic Development and Assistance	0	0	0	0	232,153	232,153
Urban Redevelopment and Housing	0	0	0	0	176,236	176,236
Other	91	0	0	0	0	91
<b>Debt Service:</b>						
Principal Retirement	34,015	0	0	0	370,000	404,015
Interest and Fiscal Charges	4,204	0	0	0	329,693	333,897
<b>Total Expenditures</b>	<b>13,767,977</b>	<b>3,669,253</b>	<b>4,704,844</b>	<b>2,210,132</b>	<b>10,841,697</b>	<b>35,193,903</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>705,255</b>	<b>37,923</b>	<b>(341,849)</b>	<b>58,734</b>	<b>(2,338,562)</b>	<b>(1,878,499)</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	35,000	50,000	0	0	4,590,608	4,675,608
Operating Transfers Out	(3,896,083)	0	0	0	(819,119)	(4,715,202)
<b>Total Other Sources (Uses)</b>	<b>(3,861,083)</b>	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>3,771,489</b>	<b>(39,594)</b>
<b>Net Change in Fund Balance</b>	<b>(3,155,828)</b>	<b>87,923</b>	<b>(341,849)</b>	<b>58,734</b>	<b>1,432,927</b>	<b>(1,918,093)</b>
<b>Fund Balances at Beginning of Year</b>	<b>6,526,942</b>	<b>803,796</b>	<b>1,723,967</b>	<b>2,049,798</b>	<b>7,111,438</b>	<b>18,215,941</b>
<b>Increase (Decrease) in Reserve for Inventory</b>	<b>22,799</b>	<b>79,893</b>	<b>2,801</b>	<b>(14,689)</b>	<b>(147)</b>	<b>90,657</b>
<b>Fund Balances End of Year</b>	<b>\$3,393,913</b>	<b>\$971,612</b>	<b>\$1,384,919</b>	<b>\$2,093,843</b>	<b>\$8,544,218</b>	<b>\$16,388,505</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2004*

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Net Change in Fund Balances-Total Governmental Funds (\$1,918,093)

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

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

Capital Outlay	4,118,025	
Depreciation	<u>(2,223,607)</u>	1,894,418

In the statement of activities, only the loss on the disposal of capital assets is reported, whereas in the governmental funds, the loss is not reported. Thus, the change in net assets differs from the change in fund balance by the disposed capital assets. (331,865)

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

Property Taxes	30,160	
Charges for Services	29,553	
Intergovernmental Grants	421,583	
Interest Income	23,865	
Miscellaneous Income	<u>14,200</u>	519,361

Principal payments of long term debt are reported as expenditures in governmental funds, but reduces long liabilities in the statement of net assets. 404,015

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 28,894

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

Reserve for Inventory	90,657	
Compensated Absences	<u>(37,594)</u>	<u>53,063</u>

Change in Net Assets of Governmental Activities \$649,793

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$2,325,000	\$2,325,000	\$2,398,327	\$73,327
Intergovernmental	9,141,217	8,932,970	8,588,707	(344,263)
Investment Income	632,828	618,605	515,667	(102,938)
Licenses and Permits	152,765	149,141	155,284	6,143
Fines and Forfeitures	147,385	143,921	182,107	38,186
Charges for Services	2,936,467	2,700,441	2,456,023	(244,418)
Miscellaneous	210,338	205,922	183,757	(22,165)
<b>Total Revenue</b>	<b>15,546,000</b>	<b>15,076,000</b>	<b>14,479,872</b>	<b>(596,128)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government:</b>				
Legislative and Executive	4,189,956	4,189,956	4,026,800	163,156
Judicial	1,994,406	1,924,406	1,892,875	31,531
Public Safety	6,741,482	6,703,263	7,065,529	(362,266)
Public Works	716,731	716,731	853,999	(137,268)
Health	548,098	548,098	536,621	11,477
Human Service	328,015	328,015	243,900	84,115
Conservation and Recreation	10,000	10,000	10,000	0
<b>Debt Service:</b>				
Principal Retirement	0	34,015	34,015	0
Interest and Fiscal Charges	0	4,204	4,204	0
<b>Total Expenditures</b>	<b>14,528,688</b>	<b>14,458,688</b>	<b>14,667,943</b>	<b>(209,255)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,017,312</b>	<b>617,312</b>	<b>(188,071)</b>	<b>(805,383)</b>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	73,000	24,037	(48,963)
Advances Out	0	0	(6,379)	(6,379)
Operating Transfers In	25,000	25,000	35,000	10,000
Operating Transfers Out	(1,712,082)	(4,480,205)	(3,896,083)	584,122
<b>Total Other Financing Sources</b>	<b>(1,687,082)</b>	<b>(4,382,205)</b>	<b>(3,843,425)</b>	<b>538,780</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses</b>	<b>(669,770)</b>	<b>(3,764,893)</b>	<b>(4,031,496)</b>	<b>(266,603)</b>
<b>Fund Balances at Beginning of Year</b>	<b>3,962,023</b>	<b>3,962,023</b>	<b>3,962,023</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>1,067,071</b>	<b>1,067,071</b>	<b>1,067,071</b>	<b>0</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$4,359,324</b>	<b>\$1,264,201</b>	<b>\$997,598</b>	<b>(\$266,603)</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
Auto and Gas Fund  
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$3,483,392	\$3,483,392	\$3,447,849	(\$35,543)
Fines and Forfeitures	0	0	58,511	58,511
Charges for Services	159,002	159,002	129,473	(29,529)
Miscellaneous	104,606	104,606	2,566	(102,040)
<b>Total Revenue</b>	<u>3,747,000</u>	<u>3,747,000</u>	<u>3,638,399</u>	<u>(108,601)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Public Works	4,057,000	4,057,000	3,757,890	299,110
<b>Total Expenditures</b>	<u>4,057,000</u>	<u>4,057,000</u>	<u>3,757,890</u>	<u>299,110</u>
Excess of Revenues Over (Under) Expenditures	(310,000)	(310,000)	(119,491)	190,509
<b>Other Financing Sources (Uses)</b>				
Operating Transfer In	0	0	50,000	50,000
<b>Total Other Financing Sources</b>	0	0	50,000	50,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(310,000)	(310,000)	(69,491)	240,509
Fund Balances at Beginning of the Year	312,777	312,777	312,777	0
Prior Year Encumbrances Appropriated	58,056	58,056	58,056	0
<b>Fund Balances (Deficit) at End of Year</b>	<u>\$60,833</u>	<u>\$60,833</u>	<u>\$301,342</u>	<u>\$240,509</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
Board of MRDD Fund  
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$2,455,411	\$2,455,411	\$2,614,944	\$159,533
Intergovernmental	1,164,963	1,164,963	1,359,163	194,200
Charges for Services	82,656	82,656	147,407	64,751
Miscellaneous	158,117	158,117	190,614	32,497
 Total Revenue	 <u>3,861,147</u>	 <u>3,861,147</u>	 <u>4,312,128</u>	 <u>450,981</u>
Expenditures:				
Current:				
Human Services	5,608,604	5,608,604	4,782,822	825,782
 Total Expenditures	 <u>5,608,604</u>	 <u>5,608,604</u>	 <u>4,782,822</u>	 <u>825,782</u>
 Excess of Revenues Over (Under) Expenditures	 (1,747,457)	 (1,747,457)	 (470,694)	 1,276,763
Fund Balances at the Beginning of Year	1,768,842	1,768,842	1,768,842	0
Prior Year Encumbrances Appropriated	<u>60,783</u>	<u>60,783</u>	<u>60,783</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>\$82,168</u></u>	<u><u>\$82,168</u></u>	<u><u>\$1,358,931</u></u>	<u><u>\$1,276,763</u></u>

See accompanying notes to the basic financial statements.



**Logan County**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP) and Actual  
Children Services Fund  
For the Year Ended December 31, 2004*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$975,100	\$975,100	\$1,090,261	\$115,161
Intergovernmental	1,300,000	1,300,000	1,078,635	(221,365)
Charges for Services	1,000	1,000	695	(305)
Miscellaneous	20,724	20,724	13,434	(7,290)
<b>Total Revenue</b>	<u>2,296,824</u>	<u>2,296,824</u>	<u>2,183,025</u>	<u>(113,799)</u>
Expenditures:				
Current:				
Human Services	2,696,000	2,706,000	2,398,764	307,236
<b>Total Expenditures</b>	<u>2,696,000</u>	<u>2,706,000</u>	<u>2,398,764</u>	<u>307,236</u>
Excess of Revenues Over (Under) Expenditures	(399,176)	(409,176)	(215,739)	193,437
Fund Balances at the Beginning of the Year	2,063,768	2,063,768	2,063,768	0
Prior Year Encumbrances Appropriated	114,047	114,047	114,047	0
Fund Balances (Deficit) at End of Year	<u>\$1,778,639</u>	<u>\$1,768,639</u>	<u>\$1,962,076</u>	<u>\$193,437</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Net Assets*  
*Proprietary Funds*  
*December 31, 2004*

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water Pollution Control	Logan Acres Home	Other Enterprise Funds	Totals	
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,302,401	\$299,685	\$59,588	\$1,661,674	\$851,148
Cash and Cash Equivalents:					
With Fiscal Agents	12,803	24,915	0	37,718	0
Receivables:					
Accounts	193,663	0	6,368	200,031	0
Special Assessments	731,436	0	0	731,436	0
Due from Other Governments	0	347,582	0	347,582	0
Material and Supplies Inventory	0	56,113	0	56,113	0
Unamortized Bond Issue Costs	19,531	0	0	19,531	0
<b>Total Current Assets</b>	<b>2,259,834</b>	<b>728,295</b>	<b>65,956</b>	<b>3,054,085</b>	<b>851,148</b>
Non-depreciable Capital Assets	201,000	758,825	0	959,825	
Capital Assets, (Net of Accumulated Depreciation)	12,301,161	479,490	28,422	12,809,073	0
<b>Total Assets</b>	<b>\$14,761,995</b>	<b>\$1,966,610</b>	<b>\$94,378</b>	<b>\$16,822,983</b>	<b>\$851,148</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$132,675	\$97,395	\$974	\$231,044	\$0
Accrued Wages	31,450	99,087	0	130,537	0
Compensated Absences Payable	48,718	126,139	0	174,857	0
Due to Other Funds	0	0	0	0	851,148
Due to Other Governments	8,268	30,039	933	39,240	0
Deposits Held and Due to Others	12,703	24,915	0	37,618	0
Accrued Interest Payable	13,720	14,958	0	28,678	0
Bonds and Notes Payable	656,043	1,200,000	0	1,856,043	0
<b>Total Current Liabilities</b>	<b>903,577</b>	<b>1,592,533</b>	<b>1,907</b>	<b>2,498,017</b>	<b>851,148</b>
<b>Long-Term Liabilities:</b>					
Revenue Bonds Payable	1,220,000	0	0	1,220,000	0
OWDA Loan Payable	1,042,177	0	0	1,042,177	0
Compensated Absences Payable	13,317	26,883	0	40,200	0
Special Assessment Debt	155,000	0	0	155,000	0
<b>Total Long-Term Liabilities</b>	<b>2,430,494</b>	<b>26,883</b>	<b>0</b>	<b>2,457,377</b>	<b>0</b>
<b>Total Liabilities</b>	<b>3,334,071</b>	<b>1,619,416</b>	<b>1,907</b>	<b>4,955,394</b>	<b>851,148</b>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	9,428,941	484,016	28,422	9,941,379	0
Unrestricted	1,998,983	(136,821)	64,049	1,926,211	0
<b>Total Net Assets</b>	<b>\$11,427,924</b>	<b>\$347,195</b>	<b>\$92,471</b>	<b>\$11,867,590</b>	<b>\$0</b>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Revenues, Expenses  
and Changes in Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2004*

	Business-Type Activities - Enterprise Funds			Totals
	Water Pollution Control	Logan Acres Home	Other Enterprise Funds	
Operating Revenues:				
Charges for Services	\$1,613,010	\$2,550,011	\$83,904	\$4,246,925
Special Assessments	445,527	0	0	445,527
Intergovernmental Revenue	0	2,085,770	0	2,085,770
Other Operating Revenues	56,792	19,387	5,398	81,577
<b>Total Operating Revenues</b>	<b>2,115,329</b>	<b>4,655,168</b>	<b>89,302</b>	<b>6,859,799</b>
Operating Expenses:				
Personal Services	609,816	3,430,654	61,018	4,101,488
Contractual Services	328,500	978,643	12,775	1,319,918
Materials and Supplies	76,044	306,117	1,152	383,313
Other Operating Expense	19,981	13,002	2,175	35,158
Depreciation	292,726	8,013	1,542	302,281
<b>Total Operating Expenses</b>	<b>1,327,067</b>	<b>4,736,429</b>	<b>78,662</b>	<b>6,142,158</b>
Operating Income (Loss)	788,262	(81,261)	10,640	717,641
Non-Operating Revenues (Expenses):				
Tap-In Fees	43,308	0	0	43,308
Interest and Fiscal Charges	(202,969)	0	0	(202,969)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(159,661)</b>	<b>0</b>	<b>0</b>	<b>(159,661)</b>
Income (Loss) before contributions and transfers	628,601	(81,261)	10,640	557,980
Capital Contributions - Other	0	470,082	0	470,082
Transfers in	1,053,144	0	23,499	1,076,643
Transfers out	(1,037,049)	0	0	(1,037,049)
Change in Net Assets	644,696	388,821	34,139	1,067,656
Total Net Assets at Beginning of Year	10,783,228	(41,626)	58,332	10,799,934
Total Net Assets at End of Year	<u>\$11,427,924</u>	<u>\$347,195</u>	<u>\$92,471</u>	<u>\$11,867,590</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Cash Flows-Proprietary Funds*  
For the Year Ended December 31, 2004

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Water Pollution Control	Logan Acres Home	Other Enterprise Funds		
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received for Services	\$2,038,198	\$2,550,011	\$82,796	\$4,671,005	\$0
Cash Received from Other Governments	0	2,147,766	0	2,147,766	0
Cash Received from Other Operating Sources	56,792	19,387	5,398	81,577	7
Net Change in Deposits	5,287	4,157	0	9,444	0
Cash Payments to Suppliers for Goods and Services	(404,075)	(1,299,110)	(17,501)	(1,720,686)	0
Cash Payments to Employees for Services	(596,503)	(3,570,542)	(62,750)	(4,229,795)	0
Cash Payment for Other Services	(19,981)	(12,807)	(1,201)	(33,989)	(111,571)
Net Cash Provided by (Used in) Operating Activities	1,079,718	(161,138)	6,742	925,322	(111,564)
Cash Flows from Noncapital Financing Activities:					
Tap-In Fees	45,178	0	0	45,178	0
Operating Transfers In	1,053,144	0	23,499	1,076,643	0
Operating Transfers Out	(998,049)	0	0	(998,049)	0
Net Cash Provided by Noncapital Financing Activities	100,273	0	23,499	123,772	0
Cash Flows from Capital & Related Financing Activities:					
Principal Payments - Bonds and Notes	(689,488)	(1,200,000)	0	(1,889,488)	0
Proceeds from Issuance of Notes	0	1,200,000	0	1,200,000	0
Payments for Capital Acquisitions	(816,463)	(46,107)	(12,291)	(874,861)	0
Interest Paid	(184,277)	0	0	(184,277)	0
Net Cash Provided by Capital and Related Financing Activities	(1,690,228)	(46,107)	(12,291)	(1,748,626)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(510,237)	(207,245)	17,950	(699,532)	(111,564)
Cash and Cash Equivalents Beginning of Year	1,825,441	531,845	41,638	2,398,924	962,712
Cash and Cash Equivalents End of Year	<u>\$1,315,204</u>	<u>\$324,600</u>	<u>\$59,588</u>	<u>\$1,699,392</u>	<u>\$851,148</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities					
Operating Income (Loss)	\$788,262	(\$81,261)	\$10,640	\$717,641	\$0
Adjustments:					
Net Cash from Operating Activities:					
Depreciation Expense	292,726	8,013	1,542	302,281	0
Non Operating Tap-In Fees	(1,870)	0	0	(1,870)	0
(Increase) Decrease in Assets:					
Accounts Receivable	(8,160)	0	(1,108)	(9,268)	0
Special Assessments Receivable	(10,309)	0	0	(10,309)	0
Due from Other Governments	0	61,996	0	61,996	0
Materials and Supplies Inventory	0	3,665	0	3,665	0
Increase (Decrease) in Liabilities:					
Accounts Payable	78,966	(13,303)	(2,600)	63,063	0
Accounts Payable from Capital Assets	(78,677)	(4,917)	0	(83,594)	0
Accrued Wages and Benefits	15,858	(87,733)	(2,235)	(74,110)	0
Compensated Absences Payable	2,722	(9,661)	0	(6,939)	0
Due to Other Funds	0	0	0	0	(111,564)
Due to Other Governments	(5,087)	(42,494)	503	(47,078)	0
Deposits Held for Others	5,287	4,557	0	9,844	0
Total Adjustments	291,456	(79,877)	(3,898)	207,681	(111,564)
Net Cash Provided by Operating Activities	<u>\$1,079,718</u>	<u>(\$161,138)</u>	<u>\$6,742</u>	<u>\$925,322</u>	<u>(\$111,564)</u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2004*

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$177,391	\$4,882,132
Cash and Cash Equivalents:		
With Fiscal Agents	0	386,704
Receivables:		
Taxes	0	36,035,383
Accounts	0	144,921
Special Assessments	0	410,829
Accrued Interest	818	0
Due from Other Governments	0	1,275,643
 Total Assets	 \$178,209	 \$43,135,612
<u>Liabilities:</u>		
Accounts Payable	\$0	\$40,005
Due to Other Governments	0	2,322,531
Undistributed Monies	0	40,386,372
Deposits Held and Due to Others	0	386,704
Claims and Judgements Payable	82,363	0
 Total Liabilities	 82,363	 43,135,612
<u>Net Assets:</u>		
Restricted for:		
Reserved for Veterans	70,787	0
Unrestricted:		
Undesignated	25,059	0
 Total Net Assets	 \$95,846	 \$0

See accompanying notes to the basic financial statements.

**Logan County**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2004*

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	<u>Private Trust</u>
Additions:	
Investment Income	<u>\$2,662</u>
Total Additions	<u>2,662</u>
Deductions:	
Other Operating Expense	<u>7,163</u>
Total Deductions	<u>7,163</u>
Change in Net Assets	(4,501)
Total Net Assets at Beginning of Year	<u>100,347</u>
Total Net Assets at End of Year	<u><u>\$95,846</u></u>

See accompanying notes to the basic financial statements.

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

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

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

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

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

***DISCRETELY PRESENTED COMPONENT UNIT***

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

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

***JOINTLY GOVERNED ORGANIZATIONS***

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing 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 CORSA. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

***RELATED ORGANIZATIONS***

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

***EXCLUDED POTENTIAL COMPONENT UNITS***

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

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

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

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

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



**NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the County of Logan, Ohio (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB No. 20, the County has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989 to its proprietary activities. Election of this approach to accounting for proprietary activities by the County has required no change from prior years. The more significant of the County's accounting policies are described below:

**A. BASIS OF PRESENTATION**

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

**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 MRDD Fund, and Children Services Fund are the County's major governmental funds:

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

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

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

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

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

Proprietary Funds

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

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

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

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

Other enterprise funds are used to account for HAZMAT activities and the sheriff's policing rotary activities.

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's only trust fund (Chaste Stuart Fund) is a private-purpose 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 are primarily used to account for various undivided tax and other revenue funds where monies are collected on behalf of other governments and remitted to them periodically.

**C. MEASUREMENT FOCUS**

Government Wide Financial Statements

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

Fund Financial Statements

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

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

**D. BASIS OF ACCOUNTING**

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

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

Revenues - Exchange and Non-exchange Transactions

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

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

Deferred Revenue

Deferred revenue, as reported on the balance sheet, arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Special assessments are recorded as deferred revenue because they do not meet the availability criteria. Property taxes that are measurable as of December 31, 2004, but are intended to finance 2005 operations, and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenue. Also, non-exchange receivables have been deferred, such as gasoline taxes, motor vehicle license fees, homestead and rollback, permissive license taxes, local government funds and CDBG, MRDD, VOCA, and other small grants. Revenue sources not susceptible to accrual include dog and vendor licenses, donations and some fines and forfeitures.

Expenses/Expenditures

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

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

**E. BUDGET**

An annual appropriated budget is legally required to be prepared for all funds of the County other than agency funds. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlay, 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.

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

**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 2004.

**Appropriations:**

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

**Encumbrances:**

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

**Lapsing of Appropriations:**

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

**F. CASH AND INVESTMENTS**

For GASB reporting purposes, the County considers "Equity in Pooled Cash and Cash Equivalents" to be cash on hand, demand deposits, and all short-term investments (maturity less than 90 days) 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 Cash Equivalents". Interest income was credited to the General, LUC Regional Planning Commission, Jail Construction, and the Chase Stewart Private-Purpose Trust Fund. Interest income earned by these funds in 2004 totaled \$551,611. Investments are reported at fair value (see footnote 4). All coupon-bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight-line method; discounts are not amortized.

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

**G. INVENTORIES**

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

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

**H. PREPAID ITEMS**

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

**I. CAPITAL ASSETS**

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

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

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

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

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

**J. INTERFUND BALANCES**

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "Advance to/Advance from." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**K. COMPENSATED ABSENCES**

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

In accordance with the provisions of the Governmental Accounting Standards Board Statement No. 16, *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).

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

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

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

**M. FUND BALANCE RESERVES**

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

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

**N. NET ASSETS**

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

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

**O. OPERATING REVENUES AND EXPENSE**

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

**P. CAPITAL CONTRIBUTIONS**

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

**Q. INTERFUND ACTIVITY**

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

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

**R. ESTIMATES**

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



**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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**NOTE 3 -- BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

	Net Change in Fund Balances			
	General Fund	Auto and Gas Fund	Board of MRDD Fund	Children Services Fund
Budget Basis	(\$4,031,496)	(\$69,491)	(\$470,694)	(\$215,739)
Adjustments:				
Revenue Accruals:				
Accrued 2003; Received in Cash 2004	(865,909)	(225,208)	(102,148)	(36,730)
Accrued 2004; Not Yet Received in Cash	859,269	293,985	153,015	122,571
Expenditure Accruals:				
Accrued 2004; Not Yet Paid in Cash	(737,183)	(118,582)	(203,596)	(106,616)
Accrued 2003; Paid in Cash 2004	991,676	178,873	212,460	182,880
Encumbrances	645,473	28,346	69,114	112,368
Advances	(17,658)	0	0	0
GAAP Basis	<u>(\$3,155,828)</u>	<u>\$87,923</u>	<u>(\$341,849)</u>	<u>\$58,734</u>

**NOTE 4 -- DEPOSITS AND INVESTMENTS**

**Deposits**

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

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

Monies held by the County, which are not considered active, are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United State;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) of this section or cash or both securities and cash, equal value for equal value; and
9. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time for a period not to exceed one hundred eighty days.

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.

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

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

*On Hand:* At year-end \$9,700 was on hand throughout the County in the form of drawer change and petty cash.

*Deposits:* At year-end, the carrying amount of the County's deposits was \$16,651,196 and the bank balance was \$17,622,339. Of the bank balance:

1. \$246,026 was covered by federal depository insurance, by collateral held by the County or by collateral held by a qualified third party trustee in the name of the County;
2. \$17,376,313 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in specific and collateralized pools securing all public funds on deposit with specific depository institutions.

*Investments:* Statutes authorize the County of Logan to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements.

The County's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category B includes uninsured and unregistered investments for which the securities are held by the Trust department or agent in the County's name. Category C includes uninsured and unregistered investments for which securities are held by the Trust department but not in the County's name.

	Category C	Fair Value
Repurchase Agreements	\$1,023,908	\$1,023,908
U.S. Governmental Securities	813,839	904,112
Other Investments	3,672,379	3,656,788
Total Investments	\$5,510,126	\$5,584,808

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the Balance Sheet, the classifications of deposits, and investments presented above per GASB Statement No. 3 are as follows:

	Equity with County Treasurer	Investments
Per GASB 9	\$22,245,704	\$0
Less: Cash on Hand	(9,700)	0
Reclassifications:		
Repurchase Agreements	(1,023,908)	1,023,908
U.S. Government Securities	(904,112)	904,112
Other Investments	(3,656,788)	3,656,788
Per GASB 3	\$16,651,196	\$5,584,808

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 5 -- INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the County's transfers for 2004.

	Transfers In	Transfers Out
Funds:		
General Fund	\$35,000	\$3,896,083
Major Special Revenue Fund:		
Auto and Gas	50,000	0
Nonmajor Special Revenue Funds:		
Public Assistance	138,215	3,600
Victim Witness Assistance	9,375	0
DRETAC Pros Attorney	14,188	0
Road and Bridge Tax	3,548,596	6,000
Litter from County Waste Disposal	133,383	0
Workforce Development	3,600	7,465
Logan County Waste Disposal	0	241,883
Elder Cline Ditch	0	20,751
Logan County Board MRDD	6,000	0
Emergency Management	23,003	0
Total Nonmajor Special Revenue Funds	3,876,360	279,699
Nonmajor Debt Service Funds:		
Engineer and Library Bond Retirement Fund	115,077	0
Jail/Juvenile Detention Bond Fund	576,305	0
Permanent Imp and Ditch Bond Retirement	22,866	0
McClure Bond Retirement	0	2,115
Total Nonmajor Debt Service Funds	714,248	2,115
Nonmajor Capital Projects Fund:		
Jail Construction Fund	0	537,305
Total Nonmajor Capital Projects Fund	0	537,305
Total Other Governmental Funds	4,590,608	819,119
Enterprise Funds:		
County Water and Sewer Line Bond Retirement	55,095	39,000
Indian Like Revenue Reserve	0	597,000
Hazmat Fund	23,499	0
Flat Branch District	155,000	0
Water Pollution Control Replacement	380,000	0
Water Pollution Control Operating Fund	112,000	401,049
Water Pollution Control Bond Retirement Fund	351,049	0
Total Enterprise Funds:	1,076,643	1,037,049
Totals	\$5,752,251	\$5,752,251

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 6 – INTERFUND RECEIVABLES/PAYABLES**

The following interfund payables and receivables were due at December 31, 2004:

	<u>Advances In</u>	<u>Advances Out</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Funds:				
General Fund	\$176,030	\$0	\$851,148	\$0
Nonmajor Special Revenue Funds:				
Traffic Overtime Grant	0	6,379	0	0
One Stop Shop	<u>0</u>	<u>70,000</u>	<u>0</u>	<u>0</u>
Total Nonmajor Special Revenue Funds	<u>0</u>	<u>76,379</u>	<u>0</u>	<u>0</u>
Nonmajor Debt Service Funds:				
Permanent Imp and Ditch Bond Retirement	37,558	0	0	0
McClure Bond Retirement	0	48,317	0	0
SouthFork Bond Retirement	0	19,050	0	0
Laughlin Bond Retirement	<u>0</u>	<u>32,284</u>	<u>0</u>	<u>0</u>
Total Nonmajor Debt Service Funds	<u>37,558</u>	<u>99,651</u>	<u>0</u>	<u>0</u>
Nonmajor Capital Projects Fund:				
Leach Ditch Construction	<u>0</u>	<u>37,558</u>	<u>0</u>	<u>0</u>
Total Nonmajor Capital Projects Fund	<u>0</u>	<u>37,558</u>	<u>0</u>	<u>0</u>
Total Other Governmental Funds	37,558	213,588	0	0
Internal Service Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>851,148</u>
Totals	<u>\$213,588</u>	<u>\$213,588</u>	<u>\$851,148</u>	<u>\$851,148</u>

**NOTE 7 -- RECEIVABLES**

Receivables at December 31, 2004, consisted primarily of sales taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, and accounts receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are currently 25% of true value. The assessed value upon which the 2004 taxes were collected was \$997,219,136. The full tax rate for all County operations applied to real property for the year ended December 31, 2004, was \$2.50 per \$1,000 of assessed valuation.

Real property taxes for tax year 2004 are payable annually or semi-annually. If paid annually, payment is due February 10, 2004. If paid semi-annually, the first payment is due February 10, 2004 and the remainder payable by July 20, 2004. Under certain circumstances, state statute permits earlier or later payment dates to be established.

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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**NOTE 7 – RECEIVABLES (CONTINUED)**

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

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

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectible) and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2004 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 30 days of 2005 are shown as 2004 revenue; the remainder are shown as "Deferred Revenue".

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

**Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Local Government and Local	
Governmental Revenue Assistance	\$493,118
Court Reimbursements from State	79,106
Homestead and Rollback	573,858
Gasoline and Excise Tax	1,256,734
Motor Vehicle License Fees	743,360
Health Department Advance	403,750
CDBG Formula Grants	268,927
Housing Improvement Program Grants	302,576
Reclaim Ohio Allocation Grant	189,185
Innovative Programs, Title V Grant	368
Title XX Grant	34,048
Early Childhood Special Education, IDEA	42,407
Special Education, Part B-IDEA Grant	67,870
Children Services	200,119
VOCA and SVAA Grants	38,522
Community Correction Grant	22,489
Overtime Grant 10/01/04 to 09/30/05	25,514
Homeland Security Grant	239,752
Total	\$4,981,703

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 7 – RECEIVABLES (CONTINUED)**

	Amounts
Business-Type Activities:	
Logan Acres – Board and Care	\$144,567
Logan Acres – State Aid	203,015
Total	\$347,582
Fiduciary Activities:	
Local Government and Local Governmental Revenue Assistance	\$602,699
Homestead and Rollback	65,868
Gasoline and Excise Tax	607,076
Total	\$1,275,643

**NOTE 8 -- INSURANCE**

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

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

The County continues to carry commercial insurance for all other risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage by major class from the prior year.

**NOTE 9 -- CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2004:

	Balance, December 31, 2003	Additions	Retirements	Balance, December 31, 2004
Governmental Activities:				
Land	\$4,104,446	\$0	\$0	\$4,104,446
Land Improvements	409,958	0	0	409,958
Buildings and Improvements	18,834,066	43,230	0	18,877,296
Machinery and Equipment	8,564,681	640,813	1,035	9,204,459
Vehicles	3,918,596	369,359	52,538	4,235,417
Infrastructure – Road and Bridges	45,308,699	3,064,623	962,708	47,410,614
Total Capital Assets	81,140,446	4,118,025	1,016,281	84,242,190
Less Accumulated Depreciation:				
Land Improvements	(148,048)	(7,462)	0	(155,510)
Buildings and Improvements	(3,455,043)	(338,604)	0	(3,793,647)
Machinery and Equipment	(6,015,189)	(199,007)	(197)	(6,213,999)
Vehicles	(2,154,187)	(360,712)	(47,876)	(2,467,023)
Infrastructure – Roads and Bridges	(8,122,754)	(1,317,822)	(636,343)	(8,804,233)
Total Accumulated Depreciation	(19,895,221)	(2,223,607)	(684,416)	(21,434,412)
Governmental Activities Capital Assets, Net	\$61,245,225	\$1,894,418	\$331,865	\$62,807,778

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

	Balance, December 31, 2003	Additions	Retirements	Balance, December 31, 2004
<b>Business-Type Activities:</b>				
<b>Water Pollution Controls Capital</b>				
Assets:				
Land	\$201,000	\$0	\$0	\$201,000
Land Improvements	191,917	0	0	191,917
Buildings and Improvements	4,593,177	0	0	4,593,177
Machinery and Equipment	3,441,974	33,431	0	3,475,405
Vehicles	333,701	12,120	0	345,821
Infrastructure	12,846,130	849,589	0	13,695,719
Total Capital Assets	<u>21,607,899</u>	<u>895,140</u>	<u>0</u>	<u>22,503,039</u>
Less Accumulated Depreciation:				
Land Improvements	(1,576)	(1,576)	0	(3,152)
Buildings and Improvements	(3,893,830)	(108,546)	0	(4,002,376)
Machinery and Equipment	(3,037,619)	(35,558)	0	(3,073,177)
Vehicles	(322,580)	(14,969)	0	(337,549)
Infrastructure	(2,452,547)	(132,077)	0	(2,584,624)
Total Accumulated Depreciation	<u>(9,708,152)</u>	<u>(292,726)</u>	<u>0</u>	<u>(10,000,878)</u>
Water Pollution Control Capital Assets, Net	<u>\$11,899,747</u>	<u>\$602,414</u>	<u>\$0</u>	<u>\$12,502,161</u>
<b>Logan Acres County Home Capital</b>				
Assets:				
Land	\$4,526	\$0	\$0	\$4,526
Buildings and Improvements	1,106,997	0	0	1,106,997
Machinery and Equipment	485,160	10,600	0	495,760
Vehicles	37,825	40,423	0	78,248
Construction in Progress	284,217	470,082	0	754,299
Total Capital Assets	<u>1,918,725</u>	<u>521,105</u>	<u>0</u>	<u>2,439,830</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(878,364)	(232)	0	(878,596)
Machinery and Equipment	(279,037)	(2,981)	0	(282,018)
Vehicles	(36,101)	(4,800)	0	(40,901)
Total Accumulated Depreciation	<u>(1,193,502)</u>	<u>(8,013)</u>	<u>0</u>	<u>(1,201,515)</u>
Logan Acres County Home Capital Assets, Net	<u>\$725,223</u>	<u>\$513,092</u>	<u>\$0</u>	<u>\$1,238,315</u>
<b>HAZMAT Capital Assets:</b>				
Machinery and Equipment	\$28,436	\$2,100	\$0	\$30,536
Total Capital Assets	<u>28,436</u>	<u>2,100</u>	<u>0</u>	<u>30,536</u>
Less Accumulated Depreciation:				
Machinery and Equipment	(10,763)	(1,542)	0	(12,305)
Total Accumulated Depreciation	<u>(10,763)</u>	<u>(1,542)</u>	<u>0</u>	<u>(12,305)</u>
HAZMAT Capital Assets, Net	<u>\$17,673</u>	<u>\$558</u>	<u>\$0</u>	<u>\$18,231</u>



**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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

	Balance, December 31, 2003	Additions	Retirements	Balance, December 31, 2004
Sheriff Policing Capital Assets:				
Machinery and Equipment	\$0	\$10,191	\$0	\$10,191
Total Capital Assets	0	10,191	0	10,191
Less Accumulated Depreciation:				
Machinery and Equipment	0	0	0	0
Total Accumulated Depreciation	0	0	0	0
Sheriff Policing Capital Assets, Net	\$0	\$10,191	\$0	\$10,191
Business-Type Activities Capital Assets, Net	\$12,642,643	\$1,126,255	\$0	\$13,768,898

Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	\$142,728
Judicial	23,336
Conservation and Recreation	9,387
Public Works	1,479,160
Public Safety	364,717
Human Services	173,078
Health	31,201
Total Depreciation	<u>\$2,223,607</u>

**NOTE 10 -- COMPENSATED ABSENCES**

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the Government Wide Basic Financial Statements. Upon termination of County service, a fully vested employee is entitled to 25% of their accumulated sick leave not to exceed 30 days, plus all accumulated vacation and overtime. At December 31, 2004 vested vacation and sick leave benefits for governmental activity type and business type activity employees totaled \$1,163,863 and \$215,056, respectively.

**NOTE 11 - CAPITALIZED LEASES**

The County has entered into a capitalized lease for the acquisition of vehicles. The terms of the agreement provide options to purchase the vehicles. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the General Fund.

The lease was recorded as an asset in the Capital Assets and a liability in the Government Wide Financial Statements. The capital lease required the County to record the corresponding revenue and expenditure for the lesser of the fair market value or minimum lease payment at lease inception in the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2004:

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 11 - CAPITALIZED LEASES (CONTINUED)**

Year Ending December 31,	Capital Lease
2005	\$38,219
Minimum Lease Payments	38,219
Less amount representing interest at the County's incremental borrowing rate of interest	(2,163)
Present value of minimum lease payments	\$36,056

**NOTE 12 -- DEBT OBLIGATIONS**

	Principal Balance, December 31, 2003	Additions	Retirements	Principal Balance, December 31, 2004	Amounts Due in One Year
<b>Governmental Activities:</b>					
Various Purpose Bonds, Series 2, Issued 11/1/02, 1.7% to 4.75%	\$8,295,000	\$0	\$370,000	\$7,925,000	\$385,000
Capital Leases	70,071	0	34,015	36,056	36,056
Compensation Absences Payable	1,126,269	1,163,863	1,126,269	1,163,863	879,409
Total Governmental Activities Debt	\$9,491,340	\$1,163,863	\$1,530,284	\$9,124,919	\$1,300,465
<b>Business-Type Activities:</b>					
Sewer System Refunding Bonds, Issued 11/13/02, 1.7% to 3%	\$2,000,000	\$0	\$390,000	\$1,610,000	\$390,000
Sewer Special Assessment Bonds, Issued 6/1/86, 7.75%	465,000	0	155,000	310,000	155,000
OWDA Loan, 7/23/92, 5.2%	1,258,708	0	105,487	1,153,221	111,043
Capital Facilities Note, Issued 3/5/03, 1.52%	1,200,000	0	1,200,000	0	0
Capital Facilities Note, Issued 3/3/04, 1.4%	0	1,200,000	0	1,200,000	1,200,000
Compensation Absences Payable	221,996	215,056	221,996	215,056	174,857
Total Business-Type Activities Debt	\$5,145,704	\$1,415,056	\$2,072,483	\$4,488,277	\$2,030,900

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

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 12 -- DEBT OBLIGATIONS (CONTINUED)**

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

	Various Purpose Bonds Governmental Purposes - Principal	Various Purpose Bonds Governmental Purposes - Interest	Special Assessment Bonds Proprietary Purposes - Principal	Special Assessment Bonds Proprietary Purposes - Interest
2005	\$385,000	\$330,390	\$155,000	\$24,025
2006	390,000	319,803	155,000	12,013
2007	400,000	308,103	0	0
2008	415,000	295,503	0	0
2009	420,000	282,015	0	0
2010-2014	2,385,000	1,168,438	0	0
2015-2019	2,040,000	676,836	0	0
2020-2022	1,490,000	143,687	0	0
Total	<u>\$7,925,000</u>	<u>\$3,524,775</u>	<u>\$310,000</u>	<u>\$36,038</u>

	Revenue Bonds Supported By Enterprise Revenues - Principal	Revenue Bonds Supported By Enterprise Revenues - Interest	OWDA Loan Supported By Enterprise Revenues - Principal	OWDA Loan Supported By Enterprise Revenues - Interest
2005	\$390,000	\$58,992	\$111,044	\$58,542
2006	405,000	48,267	116,894	52,693
2007	35,000	36,118	123,051	46,535
2008	40,000	35,015	129,532	40,054
2009	40,000	33,715	136,356	33,229
2010-2014	225,000	145,823	536,344	57,208
2015-2019	275,000	91,189	0	0
2020-2022	200,000	19,239	0	0
Total	<u>\$1,610,000</u>	<u>\$468,358</u>	<u>\$1,153,221</u>	<u>\$288,261</u>

The Capital Facilities Note will be repaid on March 1, 2005 in the principal amount of \$1,200,000 with an interest payment due of \$18,139.

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

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

**NOTE 13 -- SEGMENT INFORMATION FOR BUSINESS TYPE ACTIVITY FUNDS**

The County maintains four Business Type Activity Enterprise Funds. The funds are used to account for the operations of the County's water pollution control system, to account for the operations of the County Home, to account for hazardous material treatment and to account for township charges for police services. Segment information for the year ended December 31, 2004 is as follows:

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

**NOTE 13 -- SEGMENT INFORMATION FOR BUSINESS TYPE ACTIVITY FUNDS (CONTINUED)**

	Water Pollution Control Fund	Logan Acres County Home Fund	HAZMAT Fund	Sheriff Policing Fund	Total
Operating Revenue	\$2,115,329	\$4,655,168	\$0	\$89,302	\$6,859,799
Operating Expenses before					
Depreciation	1,034,341	4,728,416	4,106	73,014	5,839,877
Depreciation Expense	292,726	8,013	1,542	0	302,281
Operating Income/(Loss)	788,262	(81,261)	(5,648)	16,288	717,641
Net Income/(Loss) before					
Operating Transfers	628,601	(81,261)	(5,648)	16,288	557,980
Operating Transfers In	1,053,144	0	23,499	0	1,076,643
Operating Transfers Out	(1,037,049)	0	0	0	(1,037,049)
Change in Net Assets	644,696	388,821	17,851	16,288	1,067,656
Net Working Capital	1,356,257	(864,238)	21,727	42,322	556,068
Capital Asset Additions	895,140	521,106	2,100	10,191	1,428,537
Capital Assets (Net of Accumulated Depreciation)	12,502,161	1,238,315	18,231	10,191	13,768,898
Debt:					
Due Within One Year –					
Bonds and Notes	656,043	1,200,000	0	0	1,856,043
Due More than One Year –					
Bonds and Notes	2,417,177	0	0	0	2,417,177
Total Assets	14,761,995	1,966,611	40,932	53,446	16,822,984
Total Net Assets	11,427,924	347,195	39,958	52,513	11,867,590

**NOTE 14 -- DEFINED BENEFIT PENSION PLANS**

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

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

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

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

**NOTE 14 -- DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004 member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The 2004 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police contributed 10.1%. Public safety division members contributed at 9%. The 2004 local government employer contribution rate was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate was 16.7% of covered payroll. The County's contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$2,682,869, \$2,533,185, and \$2,390,462; respectively; 89.57% representing the paid contribution for 2004 and 100% for 2003 and 2002. \$279,740 representing the unpaid contribution for 2004, is recorded as an expenditure to the individual funds that incurred the costs.

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

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

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

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

**NOTE 14 -- DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

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

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

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

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

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

Plan members were required to contribute 9.3 percent of their annual covered salary through June 30, 2004 and effective July 1, 2004 the member contribution rate increased to 10% and the County is required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions for pension obligations to STRS for the years ended December 31, 2004, 2003, and 2002 were \$115,711, \$117,088, and \$123,575, respectively; 96.4% has been contributed for 2004 and 100% for the years 2003 and 2002. \$4,457 representing the unpaid contribution for 2004 is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available financial report. Additional information or copies of STRS Ohio's 2004 *Comprehensive Annual Financial Report* may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by visiting the STRS Ohio Web site [www.strsoh.org](http://www.strsoh.org).

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

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

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

**NOTE 15 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

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

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety with separate employee contribution rates and benefits. The 2004 employer contribution rate for local government employers was 13.55% of covered payroll, and 4.00% was used to fund health care for the year. For both public safety and law enforcement divisions, the 2004 employer rate was 16.70% and 4.00% was used to fund health care. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2003. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEB are advance-funded on an actuarially determined basis. At year-end 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The County's contribution to fund post employment benefits was \$769,875.

The amount of \$10.5 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2003. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

In September 2004, the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchased health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses

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

**Logan County**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2004*

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**NOTE 15 -- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

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

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. Through June 30, 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$8,253 for the ended December 31, 2004.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.1 billion at June 30, 2004 (the latest information available). For fiscal year June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

**NOTE 16 - DEFERRED COMPENSATION PLAN**

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

**NOTE 17 - COMPONENT UNIT'S CONDENSED FINANCIAL STATEMENTS**

	Ross Training Center (RTC)
Revenues	\$611,224
Expenditures	(508,246)
Excess/(deficiency) of Revenues Over/(Under) Expenditures	102,978
Unrealized Gain on Investments	85,478
Loss on Sale of Assets	(29,260)
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Uses	\$159,196

**NOTE 18 - RELATED PARTY TRANSACTIONS**

RTC Industries, Inc. – RTC Industries Inc., a discretely presented component unit of Logan County, received contributions from the County for facilities, certain equipment, transportation and salaries for administration, implementation, and supervision of its programs. These contributions are reflected as operating revenues and expenses at cost or fair market value as applicable, in the financial statements of the corporation. In 2004, these contributions were \$25,264.

**NOTE 19 -- 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 various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the County's counsel that resolutions of these matters will not have a material adverse effect on the financial condition of the County.



**Logan County**  
*Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2004*

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>U. S. Department of Agriculture</b>				
<i>Passed through the Ohio Department of Education</i>				
Nutrition Cluster:				
School Breakfast Program	148239-05PU-2003, 2004	10.553	\$5,686	\$5,686
National School Lunch Program	148239-LLP1-2003, 2004	10.555	16,057	16,057
Total Nutrition Cluster			21,743	21,743
<b>Total U. S. Department of Agriculture</b>			21,743	21,743
<b>U. S. Department of Housing &amp; Urban Development</b>				
<i>Passed through the Ohio Department of Development</i>				
Community Development Block Grants				
2001 CHIP Grant	B-C-01-042-1	14.228	0	5,000
2003 CHIP Grant	B-C-03-042-1		92,814	71,282
2002 Formula Grant	B-F-02-042-1		62,210	134,900
2003 Formula Grant	B-F-03-042-1		134,900	62,205
2002 Microenterprise Grant	B-M-02-042-1		3,000	30,000
Total Community Development Block Grants			292,924	303,387
Home Investment Partnership Program	B-C-03-042-2	14.239	80,750	76,920
<b>Total U. S. Department of Housing &amp; Urban Development</b>			373,674	380,307
<b>U. S. Department of Labor</b>				
<i>Passed through the Ohio Department of Job &amp; Family Services</i>				
Reed Act				
	(1)	17.225	3,779	9,354
Workforce Investment Act Cluster:				
Workforce Investment Act - Adult	(1)	17.258	123,705	8,533
Workforce Investment Act - Youth	(1)	17.259	59,259	49,666
Workforce Investment Act - Dislocated Workers	(1)	17.260	45,963	15,654
Total Workforce Investment Act Cluster			228,927	73,853
<b>Total U. S. Department of Labor</b>			232,706	83,207
<b>U. S. Environmental Protection Agency</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
Hazardous Material Emergency Preparedness Grant				
	(1)	16.575	1,273	0
<b>Total U. S. Environmental Protection Agency</b>			1,273	0
<b>U. S. Department of Justice</b>				
<i>Passed through the Ohio Attorney General's Office</i>				
Crime Victim Assistance				
	(1)	16.575	51,350	51,350
<i>Passed through the Ohio Department of Youth Services</i>				
Title II Juvenile Justice & Delinquency Prevention Act				
	2001-JJ-IN4-B009	16.540	15,000	15,000
Juvenile Accountability Incentive Block Grant	2003-JB-015-A001	16.523	11,160	11,145
<b>Total U. S. Department of Justice</b>			77,510	77,495
<b>General Services Administration</b>				
<i>Passed through the Ohio Secretary of State</i>				
Election Reform Payments				
	(1)	39.011	0	7,175
<b>Total General Services Administration</b>			0	7,175
<b>Department of Homeland Security</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
Emergency Management Performance Grant				
	(1)	97.042	36,286	73,523
Pre-Disaster Mitigation Grant	(1)	97.047	10,543	75
Supplemental Planning	(1)	97.051	10,198	10,198
Homeland Security	(1)	97.004	224,478	227,845
<b>Total Department of Homeland Security</b>			281,505	311,641
<b>U.S. Department of Education</b>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster:				
Special Education - Grants to States	6BSF-2003-P	84.027	55,557	55,557
Special Education - Preschool Grants	PGS1-2002-P	84.173	35,942	35,942
Total Special Education Cluster			91,499	91,499
<b>Total U. S. Department of Education</b>			91,499	91,499
<b>U.S. Department of Health &amp; Human Services</b>				
<i>Passed through the State Department of MRDD</i>				
Social Services Block Grant - Title XX				
	(1)	93.667	32,081	32,081
State Children's Insurance Program (SCHIP)	(1)	93.767	1,412	1,412
Medical Assistance Program - CAFS and TCM	(1)	93.778	348,000	348,000
<b>Total U. S. Department of Health &amp; Human Services</b>			381,493	381,493
<b>Total Federal Financial Assistance</b>			\$1,461,403	\$1,354,560

(1) - Pass through entity number not available.

See accompanying notes to schedule of federal awards expenditures

**Logan County**  
*Notes to the Schedule of Federal Awards Expenditures*  
*For the Year Ended December 31, 2004*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – MATCHING REQUIREMENTS**

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

# BALESTRA, HARR & SCHERER CPAs, INC.

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Ohio Society of Certified Public Accountants

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

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

We have audited the accompanying financial statements of Logan County, Ohio (the County), as of and for the year ended December 31, 2004, and have issued our report thereon dated July 12, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the County in a separate letter dated July 12, 2005.

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

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

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

Balestra, Harr & Scherer, CPAs, Inc.  
July 12, 2005

# BALESTRA, HARR & SCHERER CPAs, INC.

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

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

### **Compliance**

We have audited the compliance of Logan County, Ohio (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2004. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in items 2004-001, 2004-002 and 2004-003 in the accompanying schedule of findings, the County did not comply with requirements regarding Cash Management, Matching and Reporting that are applicable to its Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

### **Internal Control Over Compliance**

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings as item 2004-004.

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
July 12, 2005

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

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under section .510?	Yes
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program (CAFS), CFDA #93.778; Community Development Block Grants, CFDA #14.228; and Home Investment Partnership Program, CFDA #14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

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

None.

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

Finding Number	2004-001
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2004
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Cash Management:*

The *OHCP Financial Management Handbook, Section 3(f)*, states “The grantee must develop a cash management system to ensure compliance with the Fifteen Day Rule relating the prompt disbursement of funds”. This rule states that funds drawn down should be limited to a balance of less than \$5,000. We noted that for the 2003 CHIP grant, the 2002 Formula grant and the 2002 Microenterprise grant the County’s drawdowns were not always expended to below the \$5,000 threshold within 15 days of receipt. This problem was also noted in the last audit. The County and its consultants should attempt to more accurately forecast cash requirements to eliminate this problem.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-001	The County is currently working toward establishing a cash management system to comply with the Fifteen Day Rule.	12/31/05	Community Development Coordinator

Finding Number	2004-002
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2004
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Matching:*

The 2002 Microenterprise grant agreement (program budget) specified that the County was to make six loans totaling \$25,000 to businesses during the grant period from the County’s revolving fund as the local match for the \$30,000 grant. The final performance report for the grant indicated that no loans were made, and thus the match was not met. The Ohio Department of Development was aware of this situation as it was also found during a monitoring review on April 28, 2004. This problem was also noted in the prior audit for the 2000 and 2001 Microenterprise grants. The County should develop procedures to ensure that the requirements of the program budget regarding loans are followed. In such cases where the loans can not be made, the County should contact the Ohio Department of Development to properly determine if a program budget amendment can be made or if the matching loan provision can be waived.



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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-002	The County will implement internal controls to ensure that future matching requirements are met. In addition, the County will be in contact with the Ohio Department of Development to determine the necessary actions to resolve this matter.	12/31/05	Community Development Coordinator

Finding Number	2004-003
CFDA Title and Number	Community Development Block Grant, CFDA #14.228
Federal Award Number/Year	2004
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

*Noncompliance Citation – Reporting:*

Progress reports for the 2002 and 2003 Formula grants were not filed by the dates specified in the grant agreements, despite reminder letters from the Ohio Department of Development. Although the County has assigned the preparation of Formula grant reports to Logan County Community Improvement Corporation (the CIC), they are still responsible for assuring timely filing, and thus should more closely monitor the CIC's performance to assure that reports are filed when due.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-003	The County will more closely monitor the CIC's performance to ensure that reports are filed in accordance with applicable requirements.	12/31/05	Community Development Coordinator

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

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-004	The County will implement procedures to ensure continued compliance with applicable compliance requirements.	12/31/05	Community Development Coordinator

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

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2003-001	CDBG Fifteen Day Rule	No	Not Corrected – See Current Year Finding 2004-001
2003-002	CDBG Records Retention	Yes	Fully Corrected
2003-003	CDBG Matching	No	Not Corrected – See Current Year Finding 2004-002



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## **FINANCIAL CONDITION**

### **LOGAN COUNTY**

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

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 13, 2005**