

Logan County Financial Condition

Single Audit

January 1, 2002 Through December 31, 2002

Fiscal Year Audited Under GAGAS: 2002

BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
(A division of Harr & Scherer, CPAs, Inc.)
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**Auditor of State
Betty Montgomery**

Board of Commissioners
Logan County
100 South Madriver Street
Bellefontaine, OH 43311-2031

We have reviewed the Independent Auditor's Report of Logan County, prepared by Balestra & Company, for the audit period January 1, 2002 through December 31, 2002. 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

June 24, 2003

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LOGAN COUNTY
FINANCIAL CONDITION

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To the Offices, Boards and
Commissioners of Logan County
100 South Madriver Street
Bellefontaine, Ohio 43311

Independent Auditors' Report

We have audited the accompanying general-purpose financial statements of Logan County, Ohio (the County) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose 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 general-purpose 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 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 general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types and non-expendable trust funds 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 May 9, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by 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 general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Balestra & Company

Balestra & Company

May 9, 2003

Logan County, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 and Discretely Presented Component Units

December 31, 2002

	----- Governmental Fund Types -----			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Assets and Other Debits						
Assets						
Equity with County Treasurer	\$6,338,168	\$9,937,612	\$98,518	\$986,803	\$2,120,828	\$1,100,510
Cash with Fiscal and Escrow Agents	0	0	0	0	32,591	0
Receivables:						
Real and Other Taxes	1,938,618	2,656,600	0	0	0	0
Accounts	1,067,460	180,557	0	0	246,820	3,200
Interest	369,877	0	0	0	0	0
Special Assessments	0	119,662	0	0	685,921	0
Due from Other Governments	619,209	2,088,527	0	0	156,436	0
Materials and Supplies						0
Inventory	53,752	420,075	0	0	7,020	0
Prepaid Items	207,960	7,843	0	0	335	0
Unamortized Bond Issue Costs	0	0	0	0	62,404	0
Restricted Assets:						
Cash with Fiscal Agent	0	0	0	0	574,289	0
Advance to Other Funds	656,825	0	0	0	0	0
Fixed Assets, (Net where applicable of Accumulated Depreciation)	0	0	0	0	12,585,836	0
Other Debits						
Amount Available in Debt Service	0	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0	0
Total Assets	\$11,251,869	\$15,410,876	\$98,518	\$986,803	\$16,472,480	\$1,103,710

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Types	----- Account Groups -----		Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations				
	\$3,216,323	\$0	\$0	\$23,798,762	\$0	\$23,798,762
	447,613	0	0	480,204	332,161	812,365
	30,997,988	0	0	35,593,206	0	35,593,206
	0	0	0	1,498,037	48,527	1,546,564
	118			369,995		369,995
	302,960	0	0	1,108,543	0	1,108,543
	1,163,480	0	0	4,027,652	0	4,027,652
	0	0	0	480,847	0	480,847
	0	0	0	216,138	827	216,965
	0	0	0	62,404	0	62,404
	0	0	0	574,289	0	574,289
	0	0	0	656,825	0	656,825
	0	39,314,467	0	51,900,303	17,151	51,917,454
	0	0	98,518	98,518	0	98,518
	0	0	9,652,527	9,652,527	0	9,652,527
	<u>\$36,128,482</u>	<u>\$39,314,467</u>	<u>\$9,751,045</u>	<u>\$130,518,250</u>	<u>\$398,666</u>	<u>\$130,916,916</u>

(Continued)

Logan County, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 and Discretely Presented Component Units

December 31, 2002

	----- Governmental Fund Types -----			Proprietary Fund Types		
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
Liabilities						
Accounts Payable	\$558,001	\$415,531	\$0	\$0	\$179,444	\$210
Contracts Payable	0	0	0	222,883	0	0
Accrued Wages and Benefits	176,185	319,037	0	0	195,158	699
Compensated Absences Payable	24,198	69,714	0	0	216,143	0
Due to Other Governments	188,152	243,340	0	0	94,417	2,730
Deferred Revenue	2,484,848	4,501,663	0	0	685,921	0
Amount paid to Claimants	0	0	0	0	0	0
Accrued Interest Payable	0	0	0	0	23,119	0
Deposits Due and Held for Others	0	0	0	0	32,091	0
OWDA Loans Payable	0	0	0	0	1,358,916	0
Advances from Other Funds	0	105,000	0	100,575	0	0
Capital Lease Payable	0	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	2,380,000	0
Special Assessment Debt with Governmental Commitment	0	0	0	0	620,000	0
Total Liabilities	3,431,384	5,654,285	0	323,458	5,785,209	3,639
Fund Equity and Other Credits						
Investment in General Fixed Assets	0	0	0	0	0	0
Retained Earnings:						
Unreserved	0	0	0	0	10,687,271	1,100,071
Fund Balance:						
Reserved for Encumbrances	431,055	391,564	0	36,909	0	0
Reserved for Advances	656,825	0	0	0	0	0
Reserved for Principal Endowment	0	0	0	0	0	0
Reserved for Inventory	53,752	420,075	0	0	0	0
Reserved for Prepaid Items	207,960	7,843	0	0	0	0
Reserved for Debt Service	0	0	98,518	0	0	0
Unreserved, undesignated	6,470,893	8,937,109	0	626,436	0	0
Total Fund Equity	7,820,485	9,756,591	98,518	663,345	10,687,271	1,100,071
Total Liabilities and Fund Equity	\$11,251,869	\$15,410,876	\$98,518	\$986,803	\$16,472,480	\$1,103,710

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Types	---- Account Groups ----		Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)	
	General Fixed Assets	General Long-Term Obligations				
Trust and Agency						
	\$93,397	\$0	\$0	\$1,246,583	\$3,802	\$1,250,385
	0	0	0	222,883	0	222,883
	0	0	0	691,079	5,154	696,233
	0	0	1,013,884	1,323,939	0	1,323,939
	2,587,481	0	0	3,116,120	0	3,116,120
	32,371,031	0	0	40,043,463	0	40,043,463
	68,227	0	0	68,227	0	68,227
	0	0	0	23,119	0	23,119
	447,613	0	0	479,704	0	479,704
	0	0	0	1,358,916	0	1,358,916
	451,250	0	0	656,825	0	656,825
	0	0	102,161	102,161	0	102,161
	0	0	8,635,000	11,015,000	0	11,015,000
	0	0	0	620,000	0	620,000
	36,018,999	0	9,751,045	60,968,019	8,956	60,976,975
	0	39,314,467	0	39,314,467	17,151	39,331,618
	0	0	0	11,787,342	0	11,787,342
	0	0	0	859,528	0	859,528
	0	0	0	656,825	0	656,825
	70,787	0	0	70,787	0	70,787
	0	0	0	473,827	0	473,827
	0	0	0	215,803	0	215,803
	0	0	0	98,518	0	98,518
	38,696	0	0	16,073,134	372,559	16,445,693
	109,483	39,314,467	0	69,550,231	389,710	69,939,941
	\$36,128,482	\$39,314,467	\$9,751,045	\$130,518,250	\$398,666	\$130,916,916

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Logan County, Ohio

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances/
All Governmental Fund Types, Expendable Trust Fund
and Discretely Presented Component Units

For the Year December 31, 2002

	----- Governmental Fund Type -----				Fiduciary Fund Type	Totals (Memorandum Only) Primary Govt	Component Unit	Totals (Memorandum Only) Reporting Entity
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust			
Revenues:								
Taxes	\$1,940,933	\$3,922,665	\$0	\$0	\$0	\$5,863,598	\$0	\$5,863,598
Charges for Services	1,836,927	1,392,124	0	0	0	3,229,051	275,464	3,504,515
Licenses and Permits	140,532	75,284	0	0	0	215,816	0	215,816
Fines and Forfeitures	158,826	138,104	0	0	0	296,930	0	296,930
Intergovernmental	8,414,546	11,312,112	0	839,194	0	20,565,852	0	20,565,852
Special Assessments	0	75,944	35,854	0	0	111,798	0	111,798
Investment Income	1,375,401	2,512	0	0	3,153	1,381,066	437	1,381,503
Rental Income	53,630	0	0	0	0	53,630	0	53,630
Other	170,866	997,881	0	0	3,612	1,172,359	125,781	1,298,140
Total Revenue	14,091,661	17,916,626	35,854	839,194	6,765	32,890,100	401,682	33,291,782
Expenditures:								
Current:								
General Government:								
Legislative and Executive	1,920,604	550,896	0	0	0	2,471,500	0	2,471,500
Judicial	1,968,377	487,277	0	0	0	2,455,654	0	2,455,654
Public Safety	5,892,246	898,993	0	0	0	6,791,239	0	6,791,239
Public Works	2,130,684	4,209,557	0	0	0	6,340,241	0	6,340,241
Health	162,288	529,909	0	0	0	692,197	0	692,197
Human Services	227,186	11,058,548	0	0	0	11,285,734	257,307	11,543,041
Conservation and Recreation	403,500	80,278	0	0	0	483,778	0	483,778
Economic Development and Assistance	0	299,225	0	0	0	299,225	0	299,225
Urban Redevelopment and Housing	0	12,450	0	0	0	12,450	0	12,450
Other	1,196,394	0	0	0	7,792	1,204,186	125,665	1,329,851
Capital Outlay	0	0	0	4,290,228	0	4,290,228	0	4,290,228
Debt Service:								
Principal Retirement	30,273	0	87,023	0	0	117,296	0	117,296
Interest and Fiscal Charges	7,946	0	71,375	348,772	0	428,093	0	428,093
Total Expenditures	13,939,498	18,127,133	158,398	4,639,000	7,792	36,871,821	382,972	37,254,793
Excess of Revenues Over (Under) Expenditures	152,163	(210,507)	(122,544)	(3,799,806)	(1,027)	(3,981,721)	18,710	(3,963,011)
Other Financing Sources (Uses):								
Proceeds of Bonds	0	0	0	7,777,404	0	7,777,404	0	7,777,404
Loss on Sale of Fixed Assets	0	0	0	0	0	0	(652)	(652)
Payment to Bond Escrow Agent	0	0	0	(269,653)	0	(269,653)	0	(269,653)
Operating Transfers - In	0	413,786	179,110	75,000	0	667,896	0	667,896
Operating Transfers - Out	(399,855)	(206,461)	(35,854)	(25,726)	0	(667,896)	0	(667,896)
Unrealized Gain/Loss on Investment	(99,065)	0	0	0	0	(99,065)	(63,322)	(162,387)
Total Other Sources (Uses)	(498,920)	207,325	143,256	7,557,025	0	7,408,686	(63,974)	7,344,712
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(346,757)	(3,182)	20,712	3,757,219	(1,027)	3,426,965	(45,264)	3,381,701
Fund Balances (Deficit) at Beginning of Year	8,158,989	9,691,346	77,806	(3,093,874)	39,723	14,873,990	434,974	15,308,964
Increase (Decrease) in Reserve for Inventory	8,253	68,427	0	0	0	76,680	0	76,680
Fund Balances (Deficits) at End of Year	\$7,820,485	\$9,756,591	\$98,518	\$663,345	\$38,696	\$18,377,635	\$389,710	\$18,767,345

See accompanying notes to the general purpose financial statements.

Logan County, Ohio

Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types

For the Year Ended December 31, 2002

	Governmental Fund Types					
	----- General Fund -----			----- Special Revenue Funds -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$2,348,800	\$2,249,348	(\$99,452)	\$3,808,295	\$3,917,022	\$108,727
Charges for Services	1,441,000	1,725,724	284,724	1,319,250	1,446,208	126,958
Licenses and Permits	129,700	140,532	10,832	53,000	57,397	4,397
Fines and Forfeitures	140,000	149,661	9,661	176,600	130,806	(45,794)
Intergovernmental	7,509,000	8,423,384	914,384	12,344,459	10,776,862	(1,567,597)
Special Assessments	0	0	0	0	75,944	75,944
Investment Income	1,256,000	1,143,161	(112,839)	30,000	2,512	(27,488)
Rental Income	57,000	53,630	(3,370)	0	0	0
Other	108,500	158,624	50,124	1,118,455	969,421	(149,034)
Total Revenue	12,990,000	14,044,064	1,054,064	18,850,059	17,376,172	(1,473,887)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	2,382,184	2,083,935	298,249	785,916	649,902	136,014
Judicial	2,182,808	2,130,786	52,022	555,573	478,263	77,310
Public Safety	6,393,123	6,217,850	175,273	1,928,978	920,845	1,008,133
Public Works	2,475,636	2,381,572	94,064	4,845,622	3,816,216	1,029,406
Health	201,943	182,341	19,602	950,906	554,362	396,544
Human Services	232,060	222,394	9,666	15,005,100	11,516,356	3,488,744
Conservation & Recreation	403,500	403,500	0	82,100	80,278	1,822
Economic Development and Assistance	0	0	0	314,427	300,706	13,721
Urban Development and Housing	0	0	0	3,900	13,639	(9,739)
Other	1,375,445	1,294,257	81,188	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	15,646,699	14,916,635	730,064	24,472,522	18,330,567	6,141,955
Excess of Revenues Over (Under) Expenditures	(2,656,699)	(872,571)	1,784,128	(5,622,463)	(954,395)	4,668,068
Other Financing Sources (Uses):						
Proceeds of Bonds	0	0	0	0	0	0
Advance In	25,000	76,250	51,250	20,000	20,000	0
Advance Out	0	0	0	(72,500)	(72,500)	0
Operating Transfers - In	10,000	0	(10,000)	343,542	413,786	70,244
Operating Transfers - Out	(405,332)	(399,855)	5,477	0	(206,461)	(206,461)
Total Other Sources (Uses)	(370,332)	(323,605)	46,727	291,042	154,825	(136,217)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(3,027,031)	(1,196,176)	1,830,855	(5,331,421)	(799,570)	4,531,851
Fund Balances (Deficit) at Beginning of Year Restated	5,764,980	5,764,980	0	8,750,084	8,750,084	0
Prior Year Encumbrances Appropriated	535,307	535,307	0	845,930	845,930	0
Fund Balances (Deficit) at End of Year	\$3,273,256	\$5,104,111	\$1,830,855	\$4,264,593	\$8,796,444	\$4,531,851

See accompanying notes to the general purpose financial statements.

Governmental Fund Types						Totals		
-----Debt Service Fund-----			-----Capital Projects Funds-----			(Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$6,157,095	\$6,166,370	\$9,275
0	0	0	0	0	0	2,760,250	3,171,932	411,682
0	0	0	0	0	0	182,700	197,929	15,229
0	0	0	0	0	0	316,600	280,467	(36,133)
0	0	0	250,000	112,282	(137,718)	20,103,459	19,312,528	(790,931)
65,392	35,854	(29,538)	500	0	(500)	65,892	111,798	45,906
0	0	0	0	0	0	1,286,000	1,145,673	(140,327)
0	0	0	0	0	0	57,000	53,630	(3,370)
0	0	0	0	0	0	1,226,955	1,128,045	(98,910)
<u>65,392</u>	<u>35,854</u>	<u>(29,538)</u>	<u>250,500</u>	<u>112,282</u>	<u>(138,218)</u>	<u>32,155,951</u>	<u>31,568,372</u>	<u>(587,579)</u>
0	0	0	0	0	0	3,168,100	2,733,837	434,263
0	0	0	0	0	0	2,738,381	2,609,049	129,332
0	0	0	0	0	0	8,322,101	7,138,695	1,183,406
0	0	0	0	0	0	7,321,258	6,197,788	1,123,470
0	0	0	0	0	0	1,152,849	736,703	416,146
0	0	0	0	0	0	15,237,160	11,738,750	3,498,410
0	0	0	0	0	0	485,600	483,778	1,822
0	0	0	0	0	0	314,427	300,706	13,721
0	0	0	0	0	0	3,900	13,639	(9,739)
0	0	0	0	0	0	1,375,445	1,294,257	81,188
0	0	0	4,506,115	4,019,742	486,373	4,506,115	4,019,742	486,373
146,206	87,023	59,183	8,000,000	8,000,000	0	8,146,206	8,087,023	59,183
87,424	71,375	16,049	188,547	188,547	0	275,971	259,922	16,049
<u>233,630</u>	<u>158,398</u>	<u>75,232</u>	<u>12,694,662</u>	<u>12,208,289</u>	<u>486,373</u>	<u>53,047,513</u>	<u>45,613,889</u>	<u>7,433,624</u>
<u>(168,238)</u>	<u>(122,544)</u>	<u>45,694</u>	<u>(12,444,162)</u>	<u>(12,096,007)</u>	<u>348,155</u>	<u>(20,891,562)</u>	<u>(14,045,517)</u>	<u>6,846,045</u>
0	0	0	8,000,000	6,989,946	(1,010,054)	8,000,000	6,989,946	(1,010,054)
0	0	0	0	0	0	45,000	96,250	51,250
0	0	0	0	0	0	(72,500)	(72,500)	0
117,530	179,110	61,580	300,000	75,000	(225,000)	771,072	667,896	(103,176)
(9,686)	(35,854)	(26,168)	(25,726)	(25,726)	0	(440,744)	(667,896)	(227,152)
<u>107,844</u>	<u>143,256</u>	<u>35,412</u>	<u>8,274,274</u>	<u>7,039,220</u>	<u>(1,235,054)</u>	<u>8,302,828</u>	<u>7,013,696</u>	<u>(1,289,132)</u>
(60,394)	20,712	81,106	(4,169,888)	(5,056,787)	(886,899)	(12,588,734)	(7,031,821)	5,556,913
77,806	77,806	0	2,388,308	2,388,308	0	16,981,178	16,981,178	0
0	0	0	3,395,488	3,395,488	0	4,776,725	4,776,725	0
<u>\$17,412</u>	<u>\$98,518</u>	<u>\$81,106</u>	<u>\$1,613,908</u>	<u>\$727,009</u>	<u>(\$886,899)</u>	<u>\$9,169,169</u>	<u>\$14,726,082</u>	<u>\$5,556,913</u>

Logan County, Ohio

Combined Statement of Revenues, Expenses
and Changes in Retained Earnings /Fund Equity
All Proprietary Fund Types and Nonexpendable Trust Funds

For the Year Ended December 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues:				
Charges for Services	\$3,768,584	\$74,660	\$0	\$3,843,244
Special Assessments	288,897	0	0	288,897
Intergovernmental	2,209,894	0	0	2,209,894
Other Operating Revenues	91,153	0	0	91,153
Total Operating Revenues	6,358,528	74,660	0	6,433,188
Operating Expenses:				
Personal Services	3,988,350	40,092	0	4,028,442
Contractual Services	941,408	19,873	0	961,281
Materials and Supplies	481,949	1,667	0	483,616
Other Operating Expenses	40,106	0	0	40,106
Depreciation	529,821	0	0	529,821
Total Operating Expenses	5,981,634	61,632	0	6,043,266
Operating Income (Loss)	376,894	13,028	0	389,922
Non-Operating Revenues (Expenses):				
Tap-In Fees	51,577	0	0	51,577
Interest Income	44,981	0	0	44,981
Interest and Fiscal Charges	(257,097)	0	0	(257,097)
Other Non-Operating Revenues	357,580	0	0	357,580
Total Non-Operating Revenues (Expenses)	197,041	0	0	197,041
Income (Loss) Before Operating Transfers	573,935	13,028	0	586,963
Operating Transfers - In	648,518	0	0	648,518
Operating Transfers - Out	(648,518)	0	0	(648,518)
Net Income (Loss)	573,935	13,028	0	586,963
Depreciation on Fixed Assets Acquired by Contributed Capital	590	0	0	590
Retained Earnings/Fund Equity at Beginning of Year	10,112,746	1,087,043	70,787	11,270,576
Retained Earnings/Fund Equity at End of Year	10,687,271	1,100,071	70,787	11,858,129
Contributed Capital at Beginning of Year	590	0	0	590
Depreciation on Contributed Capital	(590)	0	0	(590)
Contributed Capital at End of Year	0	0	0	0
Total Fund Equity at End of Year	\$10,687,271	\$1,100,071	\$70,787	\$11,858,129

See accompanying notes to the general purpose financial statements.

Logan County, Ohio

Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended December 31, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Funds	Nonexpendable Trust	
Cash Flows from Operating Activities:				
Cash Received for Services	\$6,354,080	\$74,140	\$0	\$6,428,220
Cash Paid To Employees	(3,919,173)	(37,511)	0	(3,956,684)
Cash Paid for Goods and Services	(1,435,100)	(22,030)	0	(1,457,130)
Net Change in Deposits	(2,710)	0	0	(2,710)
Net Cash Provided by Operating Activities	997,097	14,599	0	1,011,696
Cash Flows from Investing Activities:				
Interest Received on Investments	44,981	0	0	44,981
Net Cash Provided by Investing Activities	44,981	0	0	44,981
Cash Flows from Financing Activities:				
Proceeds from General Obligation Bonds	950,000	0	0	950,000
Principal Payments - Notes	(950,000)	0	0	(950,000)
Principal Payments - Bonds	(526,481)	0	0	(526,481)
Principal Payments - Special Assessment Bonds	(155,000)	0	0	(155,000)
Principal Payments - OWDA Loans	(95,194)	0	0	(95,194)
Payment to Bond Escrow Agent	(573,983)	0	0	(573,983)
Interest Paid	(249,191)	0	0	(249,191)
Purchase of Fixed Assets	(364,118)	0	0	(364,118)
Net Cash Provided By/(Used For) Financing Activities	(1,963,967)	0	0	(1,963,967)
Cash Flows from Noncapital Financing Activities:				
Tap-In Fees	51,577	0	0	51,577
Operating Transfer - In	648,518	0	0	648,518
Operating Transfer - Out	(648,518)	0	0	(648,518)
Net Cash Provided by Noncapital Financing Activities	51,577	0	0	51,577
Net Increase (Decrease) in Cash	(870,312)	14,599	0	(855,713)
Cash, Beginning of Year	3,598,020	1,085,911	70,787	4,754,718
Cash, End of Year	\$2,727,708	\$1,100,510	\$70,787	\$3,899,005
Cash Per Combined Balance Sheet:				
Equity with County Treasurer in Pooled Cash and Investments	\$2,695,117	\$1,100,510	\$3,216,323	\$7,011,950
Cash with Fiscal Agent	32,591	0	447,613	480,204
Agency and Expendable Trust Fund Cash	0	0	(3,593,149)	(3,593,149)
	\$2,727,708	\$1,100,510	\$70,787	\$3,899,005
Reconciliation of Net Income to Net Cash Provided by Operating Activities:				
Operating Income	\$376,894	\$13,028	\$0	\$389,922
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:				
Depreciation Expense	529,821	0	0	529,821
Net (Increase) Decrease in Accounts Receivable	(73,543)	(520)	0	(74,063)
Assessments Receivable	14,672	0	0	14,672
Net (Increase) Decrease in Due from Governments	69,095	0	0	69,095
(Increase) Decrease in Prepaid Items	2,219	0	0	2,219
(Increase) Decrease in Inventories	56,442	0	0	56,442
Increase (Decrease) in Accounts Payable	47,021	(490)	0	46,531
Increase (Decrease) in Accrued Wages and Benefits	47,712	239	0	47,951
Increase (Decrease) in Compensated Payable	7,958	0	0	7,958
Increase (Decrease) in Due to Other Governments	13,207	2,342	0	15,549
Increase (Decrease) in Deferred Revenue	(14,672)	0	0	(14,672)
Increase (Decrease) in Deposits Held	(2,710)	0	0	(2,710)
Fixed Assets Purchased through Accounts Payable	(77,019)	0	0	(77,019)
Total Adjustments	620,203	1,571	0	621,774
Net Cash Provided by Operating Activities	\$997,097	\$14,599	\$0	\$1,011,696

See accompanying notes to the general purpose financial statements.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY

The County's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The general purpose financial statements (GPFS) include all funds, account groups, agencies, boards, commissions, and component units for which Logan County and the County Commissioners are "accountable." Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's general purpose financial statements to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County. Responsibility was evaluated on the basis of financial dependence and the manifestations of oversight exercised by the Commissioners. Among the factors considered were budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County, obligation of the County to finance any deficits that may occur, reliance of the organization on continuing subsidies from the County, selection of governing authority, and designation of management.

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a December 31 year end. Logan County has no blended component units at December 31, 2002.

Based on the foregoing criteria, the financial activities of the following PCUs have been reflected in the accompanying general purpose financial statements as follows:

DISCRETELY PRESENTED COMPONENT UNIT

RTC Industries, Inc. - RTC Industries, Inc. (the Workshop) is a legally separate, nonprofit corporation, served by a self-appointing board of trustees. The Workshop, under a contractual agreement with the Logan County Board of Retardation and Developmental Disabilities, provides sheltered employment for adults with mental retardation or developmental disabilities in Logan County. The Logan County Board of 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.

JOINTLY GOVERNED ORGANIZATIONS

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

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY (Continued)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected board of not more than nine trustees. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and reporting practices of Logan County conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The following is a summary of its significant accounting policies:

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the County are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The following fund types and account groups are used by the County:

GOVERNMENTAL FUNDS:

General Fund - The general fund is used to account for all activities of the County not required to be included in another fund.

Special Revenue Funds - The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS: (Continued)

Debt Service Funds - The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

PROPRIETARY FUNDS:

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - The internal service funds are used to account for the financing on a cost-reimbursement basis of goods or services provided by one County department or agency to other departments, agencies, or political subdivisions. Charges to the users are intended to recover total cost.

FIDUCIARY FUNDS:

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust, Non-Expendable Trust and Agency Funds. Agency Funds generally are used to account for assets that the government holds on behalf of others as their agent.

ACCOUNT GROUPS:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for all general fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.

COMPONENT UNITS:

Component Units - Component units are either legally separate organizations for which the elected officials of the County are financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would cause the County's financial statement to be misleading or incomplete.

B. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. Agency funds are accounted for using the modified accrual basis of accounting.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized in the period when measurable and available to meet obligations incurred during the year. The County defines available as meaning collectible within 31 days of year-end. Revenues which are accrued include earnings on investments; delinquent real and personal property taxes; sales taxes; federal and state grants and subventions; and charges for current services.

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal 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 or 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 nonexchange transactions must also be available before it can be recognized.

Deferred revenues, as reported on the combined balance sheet, arise when a 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 combined 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, 2002, but are intended to finance 2003 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.

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

Expenditures are recognized when the related liability is expected to be liquidated with expendable available financial resources with the following exceptions: general long term obligation principal and interest is reported only when paid, and the costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

The proprietary and non-expendable trust funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled service charges receivable are recognized as revenue at year-end.

C. BUDGETARY DATA

Outlined below are the procedures followed by the County to establish the annual operating budget and budgetary data reported in the combined statement of revenues, expenditures and changes in fund balance - budget and actual:

1. Following submission of requests by various offices and departments, the Board of County Commissioners holds budget hearings during the Fall with respective officeholders and department heads.
2. Shortly after the beginning of the fiscal year, the County Commissioners pass an Appropriation Resolution which legally authorizes the expenditure of funds for respective officeholders and department heads.
3. The County is accorded discretion in its method of appropriating federal funds. Appropriations are provided in the amounts of approved grants by the Board of County Commissioners.
4. The revised budget figures reflected in the combined financial statements include the prior year appropriations carried over for liquidations against prior year encumbrances, and any amendments to the original Appropriation Resolution.
5. The Commissioners appropriate at the major account level within a division and fund. The appropriation level accounts for the County include personal services, fringe benefits, county share of the Public Employees Retirement System, unemployment compensation, materials and supplies, services and charges, grants, capital outlays, debt service, interfund transfers, and other expenses. For funds which are directly appropriated by the Commissioners, transfers of appropriations at the major account level or between appropriation level require a resolution signed by at least two Commissioners.
6. Supplemental appropriations are made when needed, subject to approval by at least two Commissioners. Supplemental appropriations were made during 2002.
7. Unencumbered appropriations lapse at year end. Contracts and purchase-type encumbrances outstanding at year-end carry their appropriations with them into the next year. Contracts and purchase-type encumbrances outstanding at year-end are recorded as expenditures on the budget basis of accounting.
8. The budgetary procedures described herein apply to all funds except the trust and agency funds.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the appropriated governmental and proprietary funds. Encumbrances outstanding at year-end are reported as reservations of fund balance for subsequent year expenditures on the modified accrual basis of accounting, compared to encumbrances outstanding at year-end reported as expenditures on the budget basis of accounting.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND INVESTMENTS

For GASB reporting purposes the County considers "Equity with County Treasurer" to be cash on hand, demand deposits, and all short-term investments (maturity less than 90 days) held by the County Treasurer; and "Cash with Fiscal and Escrow 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 combined balance sheet as "Equity with County Treasurer". Interest income was credited to the General, Ludlow Center Regional Planning, Jail Construction, and the Chase Stewart Expendable Trust Funds. Interest income earned by these funds in 2002 totaled \$1,381,066. Investments are reported at fair value (see footnote 3). 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. An analysis of the Treasurer's investment account at year-end is provided in Note 3.

F. HEALTH CARE

The Comprehensive Omnibus Budget Reconciliation Act (COBRA) of 1986 required the County to offer to provide terminated or retired employees continued participation in the County's employee health care benefits program, provided that the employees pay the rate established by the plan administrator. In 2002, the County incurred expenditures of \$18,368 in providing these services, and recognized revenues of \$19,209 for premiums received from these previous employees.

G. INVENTORIES OF MATERIALS AND SUPPLIES

Inventories are valued at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

H. PROPERTY, PLANT, EQUIPMENT, AND DEPRECIATION

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows the policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County (i.e. roads, bridges, etc.); ornamental artifacts; and assets with a cost of less than \$500. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

2. *Enterprise Funds*

Property, plant, and equipment reflected in the enterprise funds are stated at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. PROPERTY, PLANT, EQUIPMENT, AND DEPRECIATION (Continued)

<u>Description</u>	<u>Estimated Life</u>
Autos and trucks	5
Machinery, equipment, furniture and fixtures	5-15
Building improvements	15
Sewer and water treatment plants and buildings	20
Other buildings	25-50
Sewer and water mains	70

The County also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt.

I. COMPENSATED ABSENCES

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

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

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

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave benefits for employees meeting the above requirements who are paid from Proprietary funds are recorded as an expense when earned.

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).

J. INTERGOVERNMENTAL REVENUES

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. LONG-TERM OBLIGATIONS

Long-term obligations for general obligation bonds, vested sick and vacation leave, capital lease obligations, and any claims or judgements that are expected to be paid from the governmental funds are shown in the General Long-Term Obligations Account Group, while those expected to be paid from proprietary funds are shown as a liability of those funds.

L. INTERFUND TRANSACTIONS

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expense in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivables and Payables.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheets for those fund groups that report advances to other funds as assets because they are not spendable, available resources.

An analysis of interfund transactions is presented in Note 4.

M. FUND BALANCE RESERVES

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

Logan County reports amounts representing material and supply inventories, available debt service equity, reserve for advances, encumbrances, and prepaid items, as reservations of fund balance in the governmental funds and the principal amount of the non-expendable trust endowments as a reservation of fund balance in the fiduciary funds.

N. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures. Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the General Long-Term Obligations Account Group would always be reported at the bond's face value.

When the proceeds from general obligation bonded debt are placed in a proprietary type fund, and the debt will be serviced from revenues generated by that fund, then any material issuance costs will be reported as a deferred charge and amortized over the life of the bond using the interest method. Any material discounts or premiums are shown as additions to or deductions from the account of the bond liability, are amortized using the interest method, and are reflected as interest income or expense in the Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Equity.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. PREPAIDS AND DEFERRALS

Prepayments and deferrals for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment and deferrals are not available to finance future governmental fund expenditures the fund balance is reserved by an amount equal to the carry value of the asset.

P. STATEMENT OF CASH FLOWS

In September 1989, the Governmental Accounting Standards Board (GASB) issued Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. The County has presented a statement of cash flows for its enterprise funds, internal service funds and nonexpendable trust funds. For purposes of the statement of cash flows, the County considers cash and cash equivalents to include "Equity with County Treasurer", and "Cash with Fiscal and Escrow Agents" (restricted and unrestricted in Enterprise Funds).

Q. FINANCIAL REPORTING FOR PROPRIETARY AND SIMILAR FUND TYPES

The County's financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*. This Statement is effective for financial statements beginning after December 15, 1993. The County accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. ESTIMATES

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

S. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns **do not** present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - EQUITY WITH COUNTY TREASURER

The County maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as Equity with County Treasurer in pooled cash and investments.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - EQUITY WITH COUNTY TREASURER (Continued)

A. LEGAL REQUIREMENTS

Statutes require the classification of monies held by the County into two categories. The first category consists of "active" monies, those monies required to be kept in as "cash" or "near-cash" status for current demands upon the County Treasury. Such monies must be maintained either as cash in the County Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

The second category consists of "inactive" monies, those monies in excess of the amount determined to be "active" monies. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes or other obligations of or guaranteed by the United States government, or those for which the faith of the United States government is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency, including, but not limited to, Federal National Mortgage Association debentures and discount notes, or by the Export-Import Bank of Washington, whether or not they are guaranteed by the United States government;
3. Repurchase agreements in the securities enumerated above;
4. Time certificates of deposit, savings or deposit accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio).

B. DEPOSITS

At year-end, the carrying amount of the County's deposits, including non-negotiable certificates of deposit and the amount of deposits representing custodial funds described in Note 1, was \$22,232,489 and the bank balance, including non-negotiable certificates of deposit and the amount of deposits representing custodial funds described in Note 1 was \$24,623,776. Of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$24,223,776 was covered by collateral held by third party trustees pursuant to Sections 135.18 and 135.181, Revised Code, in specific and collateralized pools securing all public funds on deposits with specific depository institutions.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorized pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

C. INVESTMENTS

Category 1 includes investments that are insured or registered or for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the County's name.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 3 - EQUITY WITH COUNTY TREASURER (Continued)

C. INVESTMENTS (Continued)

Amounts reported as other investments include stock and bond closed-end mutual funds maintained outside the county treasurer by Ross Training Center (see Note 1).

As of December 31, 2002, the County's investments were as follows:

	Category			Not	Fair
	1	2	3	Categorized	Value
Repurchase Agreements	\$ -	\$ -	\$ 336,000	\$ -	\$ 336,000
U. S. Government Securities	-	-	1,691,234	-	1,836,044
Other Investments	-	-	499,505	270,353	771,133
Total Investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,526,739</u>	<u>\$ 270,353</u>	<u>\$2,943,177</u>

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

	<u>Equity with County Treasurer</u>	<u>Investments</u>
Per Combined Balance Sheet	\$ 25,185,416	\$ -
Less: Cash on Hand	(9,750)	
Reclassifications:		
Repurchase Agreements	(336,000)	336,000
U.S. Government Securities	(1,836,044)	1,836,044
Other Investments	<u>(771,133)</u>	<u>771,133</u>
Per GASB 3	<u>\$ 22,232,489</u>	<u>\$ 2,943,177</u>

NOTE 4 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the County's operating transfers for 2002.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 399,855
Special Revenue Funds:		
Auto and Gas	80,000	-
Public Assistance	144,077	-
Victim Witness Assistance	16,542	-
Drug Law Enforcement	15,000	-
Litter Fund	126,461	-
Logan County Waste Disposal	-	206,461
Alternative Dispute	8,701	-
Emergency Management	<u>23,005</u>	<u>-</u>
Total Special Revenue Funds	<u>413,786</u>	<u>206,461</u>

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

Debt Service Fund:		
Ditch Bond Retirement	61,580	-
South Fort Ditch Bond Retirement	-	15,142
E.B. Fry Ditch Bond Retirement		2,869
Elder-Cline Ditch Bond Retirement		17,843
Engineer and Library Bond Retirement Fund	<u>117,530</u>	<u>-</u>
Total Debt Service Fund	<u>179,110</u>	<u>35,854</u>
Capital Projects Funds:		
South Fort Ditch Construction	-	25,726
Capital Improvements - Bldg	<u>75,000</u>	<u>-</u>
Total Capital Projects Funds	<u>75,000</u>	<u>25,726</u>
Enterprise Funds:		
Indian Lake Replacement	100,000	-
Indian Lake WPC (Sewer Fund)	-	648,518
Indian Lake WPC Bond Retirement	<u>548,518</u>	<u>-</u>
Total Enterprise Funds	<u>648,518</u>	<u>648,518</u>
Totals	<u>\$ 1,316,414</u>	<u>\$ 1,316,414</u>

NOTE 5 - ADVANCES

A. The following interfund payables and receivables are due at December 31, 2002:

<u>Fund</u>	<u>Advances From</u>	<u>Advances To</u>
General Fund	\$ -	\$ 656,825
Special Revenue Funds:		
One Stop Shop	<u>105,000</u>	<u>-</u>
Total Special Revenue Funds	<u>105,000</u>	<u>-</u>
Capital Projects Funds:		
McClure 777 Construction	57,143	-
Laughlin 773 Construction	<u>43,432</u>	<u>-</u>
Total Capital Projects Funds	<u>100,575</u>	<u>-</u>
Trust and Agency:		
Health Department	<u>451,250</u>	<u>-</u>
Total Enterprise Funds	<u>451,250</u>	<u>-</u>
Totals	<u>\$ 656,825</u>	<u>\$ 656,825</u>

NOTE 6 - PROPERTY TAXES

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 2002 taxes were collected was \$912,989,087.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 6 - PROPERTY TAXES (Continued)

The full tax rate for all County operations applied to real property for the fiscal year ended December 31, 2002, was \$2.50 per \$1,000 of assessed valuation.

Real property taxes for tax year 2002 are payable annually or semi-annually. If paid annually, payment is due February 10, 2002. If paid semi-annually, the first payment is due February 10, 2002 and the remainder payable by July 20, 2002. Under certain circumstances, state statute permits earlier or later payment dates to be established.

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

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

"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 2002 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 60 days of 2002 are shown as 2002 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.

NOTE 7 - FIXED ASSETS

A summary of the proprietary fund property, plant, and equipment at December 31, 2002 follows:

	<u>Sewer</u>	<u>County Home</u>	<u>Hazmat</u>	<u>Total</u>
Land	\$ 392,917	\$ 4,526	\$ -	\$ 397,443
Buildings	4,593,177	1,106,997	-	5,700,174
Vehicles	333,701	37,825	-	371,526
Machinery and Equipment	3,417,086	431,780	25,283	3,874,149
Sewer Infrastructure	12,539,887	-	-	12,539,887
Accounts Payable	<u>77,019</u>	<u>-</u>	<u>-</u>	<u>77,019</u>
	\$ 21,353,787	\$ 1,581,128	\$ 25,283	\$ 22,960,198
Accumulated Depreciation:				
Buildings	\$ 3,697,878	\$ 862,499	\$ -	\$ 4,560,377
Vehicles	285,972	33,496	-	319,468
Machinery and Equipment	2,973,267	243,557	8,235	3,225,059
Sewer	<u>2,269,458</u>	<u>-</u>	<u>-</u>	<u>2,269,458</u>
	\$ 9,226,575	\$ 1,139,552	\$ 8,235	\$ 10,374,362
Net Book Value	<u>\$ 12,127,212</u>	<u>\$ 441,576</u>	<u>\$ 17,048</u>	<u>\$ 12,585,836</u>

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 7 - FIXED ASSETS (Continued)

A summary of changes in general fixed assets follows:

	Balance			Balance
	<u>Jan. 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2002</u>
Land and Buildings	\$ 23,566,174	\$ 3,674,645	\$ -	\$ 27,240,819
Machinery and Equipment	7,423,369	621,658	22,013	8,023,014
Vehicles	4,062,240	71,465	83,071	4,050,634
Construction in Progress	<u>341,245</u>	<u>(341,245)</u>	<u>-</u>	<u>-</u>
	<u>\$ 35,393,028</u>	<u>\$ 4,026,523</u>	<u>\$ 105,084</u>	<u>\$ 39,314,467</u>

A summary of changes in component units fixed assets follows:

	Balance			Balance
	<u>Jan. 1, 2002</u>	<u>Additions</u>	<u>Disposals</u>	<u>Dec. 31, 2002</u>
Machinery and Equipment	\$ 17,803	\$ -	\$ 652	\$ 17,151
	<u>\$ 17,803</u>	<u>\$ -</u>	<u>\$ 652</u>	<u>\$ 17,151</u>

NOTE 8 - CONTRIBUTED CAPITAL

The County's 2002 activity related to contributed capital is summarized below:

Contributed Capital at January 1, 2002	\$ 590
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(590)</u>
Contributed Capital at December 31, 2002	<u>\$ -</u>

NOTE 9 - COMPENSATED ABSENCES

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the General Long-Term Obligations Account Group, while overtime earned has been recorded as individual fund liabilities. Vacation, sick leave, and overtime in the proprietary funds are expensed when earned.

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, 2002 vested benefits for governmental fund type, and proprietary fund type employees totaled \$93,912 and \$216,143, respectively. In accordance with GASB No. 16, a liability of \$1,013,884 was also accrued to record termination (severance) payments for employees expected to become eligible to retire in the future. The total liability for compensated absences for all governmental fund types, proprietary fund types, and General Long-Term Obligations Account Group is \$1,323,939.

NOTE 10 - 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 General Purpose Financial Statements for the General Fund. These expenditures are reflected as program/object expenditures on a budgetary basis.

The lease was recorded as an asset in the GFAAG and a liability in the GLTDAG. 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.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 10 - CAPITALIZED LEASES (Continued)

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, 2002:

<u>Year Ending December 31,</u>	<u>Capital Lease</u>
2003	\$ 38,219
2004	38,219
2005	<u>38,219</u>
Minimum Lease Payments	\$114,657
Less amount representing interest at the Financial Condition's incremental borrowing rate of interest	<u>(12,496)</u>
Present value of minimum lease payments	<u>\$102,161</u>

NOTE 11 - DEBT OBLIGATIONS

The County's long-term debt at year end consisted of general obligation bonds, which are recorded in the General Long-Term Obligations Account Group, and special assessment and revenue bonds that are recorded as fund liabilities of the enterprise funds.

A. The County's long term debt transactions for the year ended December 31, 2002, are summarized below:

	General Obligation Bonds	Special Assessment Bonds	Revenue Bonds Supported By Enterprise Revenues	OWDA Loan Supported By Enterprise Revenues	Compensated Absences	Capital Leases	Totals
	<u>Governmental Purposes</u>	<u>Proprietary Purposes</u>	<u>Enterprise Revenues</u>	<u>Enterprise Revenues</u>	<u>Absences</u>	<u>Leases</u>	<u>Totals</u>
Debt principal outstanding January 1, 2002	\$ 1,030,000	\$ 775,000	\$ 2,890,000	\$ 1,454,110	\$ 856,215	\$ 132,434	\$ 7,137,759
Debt principal issued in 2002	8,635,000	-	2,380,000	-	1,013,884	-	12,028,884
Debt principal retired in 2002	<u>(1,030,000)</u>	<u>(155,000)</u>	<u>(2,890,000)</u>	<u>(95,194)</u>	<u>(856,215)</u>	<u>(30,273)</u>	<u>(5,056,682)</u>
Debt principal outstanding Dec. 31, 2002	<u>\$ 8,635,000</u>	<u>\$ 620,000</u>	<u>\$ 2,380,000</u>	<u>\$ 1,358,916</u>	<u>\$ 1,013,884</u>	<u>\$ 102,161</u>	<u>\$14,109,961</u>

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - DEBT OBLIGATIONS (Continued)

B. The following is a description of the bonds that were outstanding as of December 31, 2002:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rate %</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>	<u>Maturity Date</u>
<u>General Long-Term Obligations Account Group</u>					
Various Purpose Bonds, Series 2002					
General Obligation Bonds	11-02	1.7% to 4.75%	\$8,635,000	\$8,635,000	11-2022
<u>Enterprise Fund Long-Term Debt</u>					
Sanitary Sewer Special					
Assessment Bonds	6-86	7.75%	\$3,160,000	\$ 620,000	12-2006
Sanitary Sewer Revenue					
Refunding Bonds	11-02	1.7% to 3%	\$2,380,000	\$2,380,000	11-2020
OWDA Loan	7-92	5.2%	\$2,093,142	\$1,358,916	7-2013

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 1994 various Sewer and Water Bonds of \$490,000 and 1994 Highway Garage Bonds of \$1,030,000 and to currently refund the 1992 refunded Sewer Bonds of \$2,400,000; Jail Construction and Capital Facility Notes of \$8,000,000; and 2001 Sanitary Improvement notes of \$950,000.

A portion of the proceeds of the 2002 Bonds (\$1,583,519) together with certain amounts contributed from Debt Service Funds (\$126,134) were used to purchase U.S. Treasury Securities and to provide cash of \$1,709,653 which was placed in an irrevocable trust with an escrow agent to advance refund the refunded bonds. As a result, the 1994 various Sewer and Water Bonds of \$490,000 and Highway Garage Bonds of \$1,030,000 are considered defeased and the liabilities removed from the Enterprise Fund and General Long Term Account Group. The advance refunding along with new and old bond issuance costs and premiums, resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$62,404. This difference is being charged to operations through the year 2006 (the shorter of the new and old issues) by proportionating to the stated interest requirements.

The County completed the refunding portion to reduce its total debt service payments over the next four years by \$654,514 and to obtain an economic gain (difference between the present value of the old and new debt service payments) of \$171,048. The advance refunding portion will reduce its total debt service payments over the next twelve years by \$204,669 and obtain an economic gain of \$79,462.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 11 - DEBT OBLIGATIONS (Continued)

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

	Various Purpose Bonds Governmental Purposes	Special Assessment Bonds Proprietary Purposes	Revenue Bonds Supported By Enterprise Revenues	OWDA Loan Supported By Enterprise Revenues	Totals
2003	\$ 712,201	\$ 203,050	\$ 459,356	\$ 169,586	\$ 1,544,193
2004	707,790	191,038	456,792	169,586	1,525,206
2005	715,390	179,025	448,992	169,586	1,512,993
2006	709,803	167,012	453,267	169,586	1,499,668
2007	708,103	-	71,118	169,586	948,807
Thereafter	<u>9,316,479</u>	<u>-</u>	<u>1,104,980</u>	<u>932,723</u>	<u>11,354,182</u>
Total	12,869,766	740,125	2,994,505	1,780,653	18,385,049
Less Amount Representing Interest	<u>(4,234,766)</u>	<u>(120,125)</u>	<u>(614,505)</u>	<u>(421,737)</u>	<u>(5,391,133)</u>
Principal	<u>\$ 8,635,000</u>	<u>\$ 620,000</u>	<u>\$2,380,000</u>	<u>\$ 1,358,916</u>	<u>\$ 12,993,916</u>

The County utilizes a trustee to service the sewer system revenue refunding bonds. Payments to the trustee are recorded as disbursements in the year deposited with the trustee. As of December 31, 2002, the trustee had accumulated \$574,289 toward the redemption of these bonds.

D. The following is a summary of note payable transactions of the County for the year ended December 31, 2002:

	<u>Capital Projects</u>	<u>Enterprise Fund</u>
Notes Payable at January 1, 2002	\$8,000,000	\$ 950,000
Debt Issued	-	-
Debt Retired	<u>(8,000,000)</u>	<u>(950,000)</u>
Notes Payable at December 31, 2002	<u>\$ -</u>	<u>\$ -</u>

The notes bear interest rates at December 31, 2002 at 2.37% and are payable in full November 13, 2002.

E. 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.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains three Enterprise Funds. One fund is used to account for the operations of the County's sewer system, one is used to account for the operations of the County Home and the other is used to account for hazardous material treatment. Segment information for the year ended December 31, 2002 follows:

	<u>Sewer Operations Fund</u>	<u>County Home Fund</u>	<u>Hazmat Team Fund</u>	<u>Total</u>
Operating Revenue	\$ 2,047,667	\$ 4,287,861	\$ 23,000	\$ 6,358,528
Operating Expenses before Depreciation	916,452	4,534,265	1,096	5,451,813
Depreciation Expense	466,917	60,376	2,528	529,821
Operating Income (Loss)	664,298	(306,780)	19,376	376,894
Net Income (Loss) before Operating Transfers	861,339	(306,780)	19,376	573,935
Operating Transfers In	648,518	-	-	648,518
Operating Transfers Out	(648,518)	-	-	(648,518)
Net Income (Loss)	861,339	(306,780)	19,376	573,935
Net Working Capital	2,126,359	324,464	9,528	2,460,351
Property, Plant and Equipment (Additions)	323,336	25,100	15,682	364,118
Property, Plant and Equipment (Net of Accumulated Depreciation)	12,127,212	441,577	17,047	12,585,836
Long Term Debt	4,358,916	-	-	4,358,916
Total Assets	15,155,506	1,288,720	28,254	16,472,480
Total Equity	9,894,655	766,041	26,575	10,687,271

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - DEFINED PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

All Logan County full time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. (PERS) provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2002 was 8.5% for employees other than law enforcement. Law enforcement employees contribute 10.1% of covered salary. The employer contribution rate was 13.55% of covered payroll, 8.55% was the portion used to fund pension obligations for 2002. The law enforcement employer rate was 16.70% of covered payroll and 12.40% was the portion used to fund pension obligations for 2002. The County's contributions for pensions obligations to PERS for the years ended December 31, 2002, 2001 and 2000 were \$2,390,462, \$2,143,139, and \$1,045,345, respectively; 92.28% has been contributed for 2002 and 100% for 2001 and 2000. \$195,227, representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

B. 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), a cost-sharing multiple employer public retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14%; 8% 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, 2002, 2001, and 2000 were \$103,168, \$98,211, and \$96,296, respectively; 97.42% has been contributed for 2002 and 100% for the years 2001 and 2000. \$2,993 representing the unpaid contribution for 2002, is recorded as a liability within the respective funds.

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

PERS:

A. Public Employees Retirement System of Ohio provides post retirement health care coverage to age and service retirees with 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 Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - DEFINED PENSION PLANS (Continued)

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PERS: (Continued)

The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2002 employer contribution rate for state employers was 13.31% of covered payroll of which 5% was the portion used to fund health care for the year. For local government employer units the rate was 13.55% of covered payroll and 5% was the portion used to fund health care for the year. For both the public safety and law enforcement divisions the 2002 employer rate was 16.70% and 5% was used to fund health care.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to PERS.

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

OPEBs are advance-funded on an actuarially determined basis. An annual increase of 4.00% 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 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase 4.00% annually.

The number of active contributing participants was 402,041. \$11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

STRS:

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 13 - DEFINED PENSION PLANS (Continued)

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

STRS: (Continued)

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 2002, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. As of June 30, 2002, eligible benefit recipients totaled 102,132. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$300,772,000.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

The County's budgetary process is based upon accounting for transactions on the cash (budget) basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the County reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. 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:

**EXCESS OF REVENUES AND OTHER FINANCING
SOURCES OVER (UNDER) EXPENDITURES AND OTHER
FINANCING USES**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	(\$1,196,176)	(\$799,570)	\$ 20,712	(\$ 5,056,787)
Net Adjustments Revenue & Other Sources	(28,653)	520,454	-	787,458
Proceeds of Notes	-	-	-	8,000,000
Net Adjustment for Expenditures	(103,619)	(446,590)	-	(233,246)
Encumbrances	981,691	722,524	-	259,794
GAAP Basis	<u>(\$ 346,757)</u>	<u>(\$ 3,182)</u>	<u>\$ 20,712</u>	<u>\$ 3,757,219</u>

NOTE 15 - DEFERRED COMPENSATION PLAN

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

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 16 - CONTINGENT LIABILITIES

A. GRANTS

The County receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2002.

B. LITIGATION

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

NOTE 17 - RISK MANAGEMENT

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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

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

NOTE 18 - COMPONENT UNIT'S CONDENSED FINANCIAL STATEMENTS

	Ross Training Center
Revenues	\$ 401,682
Expenditures	<u>(382,972)</u>
Excess (deficiency) of revenue over (under) expenditures	18,710
Loss on Fixed Assets	(652)
Unrealized loss on Investment	<u>(63,322)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>\$ (45,264)</u>

LOGAN COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2002

NOTE 19 – 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 2002, these contributions were \$125,665.

Logan County Financial Condition
Logan County

Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2002

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U. S. Department of Housing & Urban Development				
<i>Passed through the Ohio Department of Development</i>				
Community Development Block Grants		14.228		
1999 CHIP Grant	G00475 & 468		\$0	\$7,024
2000 Formula Grant	G10416 H583 FB01		106,400	106,850
2001 CHIP Grant	G20535 G016 CB11		181,643	172,857
2001 Formula Grant	G20503 J314 FB11		97,678	81,102
2000 Microenterprise Grant	G10940 H583 MB01		40,000	35,000
Total Community Development Block Grant			425,721	402,833
Home Investment Partnership Program	(1)	14.239	0	4,570
Roadwork Development Program	910171	14.xxx	43,475	43,475
Total U. S. Department of Housing & Urban Development			469,196	450,878
U. S. Department of Labor				
<i>Passed through the Ohio Department of Job & Family Services</i>				
Workforce Investment Act - Adult Program	(1)	17.258	87,029	87,029
Workforce Investment Act - Youth Allocation	(1)	17.259	30,147	30,147
Workforce Investment Act - Dislocated Workers	(1)	17.260	49,476	49,476
Total Workforce Investment Act Cluster			166,652	166,652
Total U. S. Department of Labor			166,652	166,652
U. S. Department of Justice				
<i>Passed through the Ohio Department of Public Safety</i>				
Terrorism Grant	(1)	16.007	23,605	23,605
<i>Passed through the Ohio Attorney General's Office</i>				
Crime Victim Assistance	(1)	16.575	51,437	41,453
Total U. S. Department of Justice			75,042	65,058
U. S. Department of Transportation				
<i>Passed through the Ohio Department of Transportation</i>				
Federal Transit Formula Grants	(1)	20.507	45,031	45,031
Highway Planning and Construction (Federal-Aid Highway Program)		20.205	380,268	380,268
Highway Planning and Construction (Federal-Aid Highway Program)		20.205	181,407	181,407
Hazardous Materials Emergency Preparedness Grant	(1)	20.703	4,859	4,859
Total U. S. Department of Transportation			611,565	611,565
Federal Emergency Management Assistance Act				
<i>Passed through the Ohio Department of Public Safety</i>				
Emergency Management Performance Grant	(1)	83.552	41,775	41,775
U.S. Department of Education				
<i>Passed through the State Department of MRDD</i>				
Special Education Cluster:				
Special Education - Grants to States	(1)	84.027	16,594	16,594
Special Education - Grants to States	6BSF-2002-P	84.027	38,128	38,128
Special Education - Preschool Grants	PGS1-2002-P	84.173	26,271	26,271
Total Special Education Cluster			80,993	80,993
Total U. S. Department of Education			80,993	80,993
U.S. Department of Health & Human Services				
<i>Passed through the State Department of MRDD</i>				
Social Services Block Grant - Title XX	(1)	93.667	46,102	46,102
Medical Assistance Program - CAFS	(1)	93.778	316,401	316,401
Total U. S. Department of Health & Human Services			362,503	362,503
Total Federal Financial Assistance			\$1,807,726	\$1,779,424

(1) - Passthrough entity number not available.
See accompanying Notes to the Schedule of Federal Awards Expenditures

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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 County has complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

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Ohio Society of Certified Public Accountants

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

To the Offices, Boards and
Commissioners of Logan County
100 South Madriver Street
Bellefontaine, Ohio 43311

We have audited the financial statements of Logan County, Ohio, as of and for the year ended December 31, 2002, and have issued our report thereon dated May 9, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether Logan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain other instances of non-compliance that we have reported to the management of the County in a separate letter dated May 9, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Logan County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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 weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated May 9, 2003.

Board of County Commissioners

Logan County

Bellefontaine, Ohio 43311

Report on Compliance and on Internal Control Over Financial Reporting 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.

Balestra & Company

Balestra & Company

May 9, 2003

BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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**Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over
Compliance in Accordance With OMB Circular A-133**

To the Offices, Boards and
Commissioners of Logan County
100 South Madriver Street
Bellefontaine, Ohio 43311

Compliance

We have audited the compliance of Logan County, Ohio, 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 each of its major federal programs for the year ended December 31, 2002. Logan County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Logan County's management. Our responsibility is to express an opinion on Logan 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 Logan 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 on Logan County's compliance with those requirements.

As described as items 2002-001 and 2002-002 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirements regarding Cash Management and Davis Bacon that are applicable to its Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Logan County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2002-003.

Board of County Commissioners

Logan County

Bellefontaine, Ohio 43311

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

Page 2

Internal Control Over Compliance

The management of Logan 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 Logan County's 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance and its operation, which we have reported to management of Logan County in a separate letter dated May 9, 2003.

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 & Company

Balestra & Company

May 9, 2003

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2002**

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 (GAGAS)?	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?	No
(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):	Workforce Investment Act Cluster, CFDA #17.258, 17.259 and 17.260; Community Development Block Grants, CFDA #14.228 and Highway Planning and Construction CFDA #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2002**

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

Finding Number	None
----------------	------

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2002-001
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number/Year	2002
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation

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.

During the audit, it was noted that for every one out of two drawdowns, the funds were not expended below the \$5,000 threshold within 15 days.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-001	The County is currently working toward establishing a cash management system to comply with the 15 day rule.	December 31, 2003	Community Development Coordinator

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2002**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2002-002
CFDA Title and Number	Community Development Block Grant CFDA #14.228
Federal Award Number/Year	2002
Federal Agency	U.S. Department of Development
Pass-Through Agency	Ohio Department of Development

Noncompliance Citation

The *OHCP Financial Management Handbook, Section 12.30*, specifies access to records and records retention requirements under special provisions within consultant contracts. A review of the consultant contract revealed under Article XIX, Access to Books, that the County, the U.S. Department of Housing and Urban Development, the Comptroller General of the United States, or any of their duly authorized representatives, will have access to any books, documents, papers and records of the Consultant that are directly pertinent to a specific grant program for making audit, examination, excerpts, and transcriptions.

The County utilizes a consultant to implement its Formula grant. The County's Formula grant consultant could not provide for review any of the required certified payrolls for any of the four construction projects awarded during 2002.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-002	The County is currently working toward obtaining the required certified payrolls to comply with the Davis Bacon Act.	December 31, 2003	Community Development Coordinator

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2002**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2002-003
CFDA Title and Number	Workforce Investment Act Cluster CFDA #17.258, 17.259 and 17.260
Federal Award Number/Year	2002
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Job and Family Services

Noncompliance Citation

Workforce Investment Act of 1998 Section 134 (d)(4)(G) requires an individual training account be established on behalf of a participant. WIA Title 1 adult and dislocated workers “purchase” training services from eligible providers they select in consultation with the case manager.

The required individual training accounts (ITA’s) were not established for the adult and dislocated workers participants.

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2002-003	The County established individual training accounts with their local Workforce Policy Board in 2003.	January 31, 2003	Job and Family Services Director

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-2	Treasurer's Office Segregation of Duties	No	Partially corrected. The Treasurer rarely deposits funds and performs all bank reconciliations. Originally initiated in 1999.
2001-001	Workforce Investment Act Individual Training Accounts	No	Not corrected. See current year finding 2002-003. Originally issued in 2001.



**Auditor of State
Betty Montgomery**

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LOGAN COUNTY FINANCIAL CONDITION

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2003**