Logan County Financial Condition

Single Audit

January 1, 2001 Through December 31, 2001

Fiscal Year Audited Under GAGAS: 2001

BALESTRA & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
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County Commissioners
Logan County
100 South Madriver Street
Bellefontaine, Ohio 43311-2031

We have reviewed the Independent Auditor's Report of Logan County, prepared by Balestra & Company, for the audit period January 1, 2001 through December 31, 2001. 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.

JIM PETRO
Auditor of State

July 5, 2002

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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, 2001, 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, 2001, 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 24, 2002 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.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Logan County, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purpose 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.

As described in Note 19 to the general-purpose financial statements, the County implemented Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, and Governmental Accounting Standards Board Statement No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenues* (an amendment of GASB Statement No. 33).

Balestra & Company

Balestra & Company

May 24, 2002

Logan County, Ohio

Combined Balance Sheet
All Fund Types and Account Groups
and Discretely Presented Component Units

December 31, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups				
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
Assets and Other Debits												
Assets												
Equity with County Treasurer	$6,563,219	$9,997,799	$77,806	$5,783,796	$2,944,484	$1,085,911	$3,293,623	$0	$0	$29,746,638	$0	$29,746,638
Cash with Fiscal and Escrow Agents	0	0	0	0	35,301	0	286,820	0	0	322,121	391,688	713,809
Receivables:												
Real and Other Taxes	1,841,419	3,243,347	0	0	0	0	37,607,446	0	0	42,692,212	0	42,692,212
Accounts	83,897	183,948	0	0	173,277	2,680	0	0	0	443,802	33,796	477,598
Interest	226,136	0	0	0	0	0	1,353			227,489		227,489
Special Assessments	0	108,003	0	0	700,593	0	204,440	0	0	1,013,036	0	1,013,036
Due from Other Governments	2,291,490	2,758,746	0	0	225,531	0	1,698,116	0	0	6,973,883	0	6,973,883
Materials and Supplies						0						
Inventory	45,499	351,648	0	0	63,462	0	0	0	0	460,609	0	460,609
Prepaid Items	123,862	7,779	0	0	2,554	0	0	0	0	134,195	1,826	136,021
Unamortized Bond Issue Costs	0	0	0	0	74,509	0	0	0	0	74,509	0	74,509
Restricted Assets:												
Cash with Fiscal Agent	0	0	0	0	618,235	0	0	0	0	618,235	0	618,235
Advance to Other Funds	733,075	0	0	0	0	0	0	0	0	733,075	0	733,075
Fixed Assets, (Net where applicable						0						
of Accumulated Depreciation)	0	0	0	0	12,674,520	0	0	35,393,028	0	48,067,548	17,803	48,085,351
Other Debits												
Amount Available in Debt Service	0	0	0	0	0	0	0	0	77,806	77,806	0	77,806
Amount to be Provided from												
General Government Resources	0	0	0	0	0	0	0	0	1,940,843	1,940,843	0	1,940,843
Total Assets	$11,908,597	$16,651,270	$77,806	$5,783,796	$17,512,466	$1,088,591	$43,091,798	$35,393,028	$2,018,649	$133,526,001	$445,113	$133,971,114

See accompanying notes to the general purpose financial statements.

Logan County, Ohio

Combined Balance Sheet
All Fund Types and Account Groups
and Discretely Presented Component Units

December 31, 2001

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups				
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total Primary Government (Memorandum Only)	Component Units	Totals Reporting Entity (Memorandum Only)
Liabilities												
Accounts Payable	$557,005	$615,799	$0	$0	$132,423	$700	$53,257	$0	$0	$1,359,184	$7,275	$1,366,459
Contracts Payable	0	0	0	777,095	0	0	0	0	0	777,095	0	777,095
Accrued Wages and Benefits	132,825	235,290	0	0	147,446	460	0	0	0	516,021	2,864	518,885
Compensated Absences Payable	39,744	63,100	0	0	208,185	0	0	0	856,215	1,167,244	0	1,167,244
Due to Other Governments	128,310	175,954	0	0	81,210	388	2,599,945	0	0	2,985,807	0	2,985,807
Deferred Revenue	2,891,724	5,712,281	0	0	700,593	0	39,510,002	0	0	48,814,600	0	48,814,600
Amount paid to Claimants	0	0	0	0	0	0	56,264	0	0	56,264	0	56,264
Accrued Interest Payable	0	0	0	0	25,362	0	0	0	0	25,362	0	25,362
Notes Payable	0	0	0	8,000,000	950,000	0	0	0	0	8,950,000	0	8,950,000
Deposits Due and Held for Others	0	0	0	0	34,801	0	286,820	0	0	321,621	0	321,621
Payable from Restricted Assets:					0	0	0					
Revenue Bonds Payable	0	0	0	0	2,890,000	0	0	0	0	2,890,000	0	2,890,000
OWDA Loans Payable	0	0	0	0	1,454,110	0	0	0	0	1,454,110	0	1,454,110
Advances from Other Funds	0	157,500	0	100,575	0	0	475,000	0	0	733,075	0	733,075
Capital Lease Payable	0	0	0	0	0	0	0	0	132,434	132,434	0	132,434
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	1,030,000	1,030,000	0	1,030,000
Special Assessment Debt with Governmental Commitment	0	0	0	0	775,000	0	0	0	0	775,000	0	775,000
Total Liabilities	3,749,608	6,959,924	0	8,877,670	7,399,130	1,548	42,981,288	0	2,018,649	71,987,817	10,139	71,997,956
Fund Equity and Other Credits												
Investment in General Fixed Assets	0	0	0	0	0	0	0	35,393,028	0	35,393,028	17,803	35,410,831
Contributed Capital	0	0	0	0	590	0	0	0	0	590	0	590
Retained Earnings:					0							
Reserved for Debt Service	0	0	0	0	618,235	0	0	0	0	618,235	0	618,235
Unreserved	0	0	0	0	9,494,511	1,087,043	0	0	0	10,581,554	0	10,581,554
Fund Balance:												
Reserved for Encumbrances	0	304,627	0	2,618,393	0	0	0	0	0	2,923,020	0	2,923,020
Reserved for Advances	733,075	0	0	0	0	0	0	0	0	733,075	0	733,075
Reserved for Principal Endowment	0	0	0	0	0	0	70,787	0	0	70,787	0	70,787
Reserved for Inventory	45,499	351,648	0	0	0	0	0	0	0	397,147	0	397,147
Reserved for Prepaid Items	123,862	7,779	0	0	0	0	0	0	0	131,641	0	131,641
Reserved for Debt Service	0	0	77,806	0	0	0	0	0	0	77,806	0	77,806
Unreserved, undesignated	7,256,553	9,027,292	0	(5,712,267)	0	0	39,723	0	0	10,611,301	417,171	11,028,472
Total Fund Equity	8,158,989	9,691,346	77,806	(3,093,874)	10,113,336	1,087,043	110,510	35,393,028	0	61,538,184	434,974	61,973,158
Total Liabilities and Fund Equity	$11,908,597	$16,651,270	$77,806	$5,783,796	$17,512,466	$1,088,591	$43,091,798	$35,393,028	$2,018,649	$133,526,001	$445,113	$133,971,114

See accompanying notes to the general purpose financial statements.

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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, 2001

	Governmental Fund Type				Fiduciary Fund Type			
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	Totals (Memorandum Only) Primary Govt	Component Unit	Totals (Memorandum Only) Reporting Entity
Revenues:								
Taxes	$8,944,538	$3,818,202	$0	$0	$0	$12,762,740	$0	$12,762,740
Charges for Services	1,228,192	998,316	0	0	0	2,226,508	250,516	2,477,024
Licenses and Permits	131,172	53,658	0	0	0	184,830	0	184,830
Fines and Forfeitures	208,566	102,266	0	0	0	310,832	0	310,832
Intergovernmental	1,057,428	12,634,297	0	2,479,604	0	16,171,329	0	16,171,329
Special Assessments	0	58,486	21,307	79,593	0	159,386	0	159,386
Investment Income	1,244,346	3,180	0	73,311	4,323	1,325,160	2,426	1,327,586
Rental Income	10,800	0	0	0	0	10,800	0	10,800
Other	616,724	706,267	0	55,000	0	1,377,991	2,245	1,380,236
Total Revenue	13,441,766	18,374,672	21,307	2,687,508	4,323	34,529,576	255,187	34,784,763
Expenditures:								
Current:								
General Government:								
Legislative and Executive	2,908,425	594,950	0	0	0	3,503,375	0	3,503,375
Judicial	2,099,327	362,623	0	0	0	2,461,950	0	2,461,950
Public Safety	5,145,117	1,112,479	0	0	0	6,257,596	0	6,257,596
Public Works	2,059,893	3,631,746	0	0	0	5,691,639	0	5,691,639
Health	543,209	377,949	0	0	0	921,158	0	921,158
Human Services	177,483	10,876,239	0	0	0	11,053,722	227,814	11,281,536
Conservation and Recreation	10,000	0	0	0	0	10,000	0	10,000
Economic Development and Assistance	0	129,214	0	0	0	129,214	0	129,214
Other	0	0	0	0	465	465	0	465
Capital Outlay	170,653	1,169,000	0	3,333,917	0	4,673,570	0	4,673,570
Debt Service:								
Principal Retirement	0	0	55,000	190,000	0	245,000	0	245,000
Interest and Fiscal Charges	0	0	65,445	0	0	65,445	0	65,445
Total Expenditures	13,114,107	18,254,200	120,445	3,523,917	465	35,013,134	227,814	35,240,948
Excess of Revenues Over (Under) Expenditures	327,659	120,472	(99,138)	(836,409)	3,858	(483,558)	27,373	(456,185)
Other Financing Sources (Uses):								
Inception of Capital Lease	170,653	0	0	0	0	170,653	0	170,653
Operating Transfers - In	0	406,428	120,445	185,485	0	712,358	0	712,358
Operating Transfers - Out	(379,136)	(389,285)	0	0	0	(768,421)	0	(768,421)
Unrealized Gain/(Loss) on Investment	0	0	0	0	0	0	(51,252)	(51,252)
Total Other Sources (Uses)	(208,483)	17,143	120,445	185,485	0	114,590	(51,252)	63,338
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	119,176	137,615	21,307	(650,924)	3,858	(368,968)	(23,879)	(392,847)
Fund Balances/(Deficit) at Beginning of Year	8,040,903	9,587,192	56,499	(2,442,950)	35,865	15,277,509	458,853	15,736,362
Increase (Decrease) in Reserve for Inventory	(1,090)	(33,461)	0	0	0	(34,551)	0	(34,551)
Fund Balances/(Deficit) at End of Year	$8,158,989	$9,691,346	$77,806	($3,093,874)	$39,723	$14,873,990	$434,974	$15,308,964

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, 2001

	Governmental Fund Types								
	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	$3,225,000	$3,208,135	($16,865)	$3,711,844	$3,816,303	$104,459	$0	$0	$0
Charges for Services	1,136,450	1,227,290	90,840	1,062,700	1,065,962	3,262	0	0	0
Licenses and Permits	135,850	131,172	(4,678)	56,000	53,658	(2,342)	0	0	0
Fines and Forfeitures	250,000	207,161	(42,839)	196,800	101,734	(95,066)	0	0	0
Intergovernmental	47,000	37,814	(9,186)	12,481,984	12,222,130	(259,854)	0	0	0
Special Assessments	0	0	0	866,589	58,486	(808,103)	31,200	21,307	(9,893)
Investment Income	1,650,000	1,558,954	(91,046)	27,500	3,180	(24,320)	0	0	0
Rental Income	17,500	10,800	(6,700)	0	0	0	0	0	0
Sales Tax	6,150,000	6,593,915	443,915	0	0	0	0	0	0
Other	435,925	616,476	180,551	881,539	707,332	(174,207)	0	0	0
Total Revenue	13,047,725	13,591,717	543,992	19,284,956	18,028,785	(1,256,171)	31,200	21,307	(9,893)
Expenditures:									
Current:									
General Government:									
Legislative and Executive	3,585,796	2,934,149	651,647	831,013	714,754	116,259	0	0	0
Judicial	2,115,724	2,037,259	78,465	639,994	453,794	186,200	0	0	0
Public Safety	5,612,633	5,430,207	182,426	1,913,321	1,131,102	782,219	0	0	0
Public Works	2,414,295	2,057,497	356,798	4,754,580	3,860,229	894,351	0	0	0
Health	576,802	549,012	27,790	792,925	450,870	342,055	0	0	0
Human Services	203,710	178,002	25,708	14,035,881	11,300,627	2,735,254	0	0	0
Conservation & Recreation	10,000	10,000	0	0	0	0	0	0	0
Economic Development and Assistance	0	0	0	129,645	128,987	658	0	0	0
Capital Outlay	0	0	0	1,169,000	1,169,000	0	0	0	0
Debt Service:									
Principal Retirement	0	0	0	0	0	0	90,000	55,000	35,000
Interest and Fiscal Charges	0	0	0	0	0	0	65,445	65,445	0
Total Expenditures	14,518,960	13,196,126	1,322,834	24,266,359	19,209,363	5,056,996	155,445	120,445	35,000
Excess of Revenues Over (Under) Expenditures	(1,471,235)	395,591	1,866,826	(4,981,403)	(1,180,578)	3,800,825	(124,245)	(99,138)	25,107
Other Financing Sources (Uses):									
Proceeds of Notes	0	0	0	0	0	0	0	0	0
Advance In	5,000	17,500	12,500	0	0	0	0	0	0
Advance Out	(475,000)	(475,000)	0	0	(17,500)	(17,500)	0	0	0
Operating Transfers - In	0	0	0	376,395	406,428	30,033	121,000	120,445	(555)
Operating Transfers - Out	(437,601)	(379,136)	58,465	(389,285)	(389,285)	0	0	0	0
Total Other Sources (Uses)	(907,601)	(836,636)	70,965	(12,890)	(357)	12,533	121,000	120,445	(555)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(2,378,836)	(441,045)	1,937,791	(4,994,293)	(1,180,935)	3,813,358	(3,245)	21,307	24,552
Fund Balances (Deficit) at Beginning of Year Restated	5,583,715	5,583,715	0	8,837,293	8,837,293	0	56,499	56,499	0
Prior Year Encumbrances Appropriated	622,310	622,310	0	1,053,382	1,053,382	0	0	0	0
Fund Balances (Deficit) at End of Year	$3,827,189	$5,764,980	$1,937,791	$4,896,382	$8,709,740	$3,813,358	$53,254	$77,806	$24,552

See accompanying notes to the general purpose financial statements.

---------Capital Projects Funds-----------			Totals - 2001 (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
$0	$0	$0	$6,936,844	$7,024,438	$87,594
0	0	0	2,199,150	2,293,252	94,102
0	0	0	191,850	184,830	(7,020)
0	0	0	446,800	308,895	(137,905)
3,100,000	1,950,992	(1,149,008)	15,628,984	14,210,936	(1,418,048)
5,000	79,593	74,593	902,789	159,386	(743,403)
190,000	73,311	(116,689)	1,867,500	1,635,445	(232,055)
0	0	0	17,500	10,800	(6,700)
0	0	0	6,150,000	6,593,915	443,915
72,000	55,000	(17,000)	1,389,464	1,378,808	(10,656)
3,367,000	2,158,896	(1,208,104)	35,730,881	33,800,705	(1,930,176)
0	0	0	4,416,809	3,648,903	767,906
0	0	0	2,755,718	2,491,053	264,665
0	0	0	7,525,954	6,561,309	964,645
0	0	0	7,168,875	5,917,726	1,251,149
0	0	0	1,369,727	999,882	369,845
0	0	0	14,239,591	11,478,629	2,760,962
0	0	0	10,000	10,000	0
0	0	0	129,645	128,987	658
6,498,913	5,967,488	531,425	7,667,913	7,136,488	531,425
4,000,000	4,000,000	0	4,090,000	4,055,000	35,000
190,000	190,000	0	255,445	255,445	0
10,688,913	10,157,488	531,425	49,629,677	42,683,422	6,946,255
(7,321,913)	(7,998,592)	(676,679)	(13,898,796)	(8,882,717)	5,016,079
4,500,000	8,000,000	3,500,000	4,500,000	8,000,000	3,500,000
0	0	0	5,000	17,500	12,500
0	0	0	(475,000)	(492,500)	(17,500)
676,000	185,485	(490,515)	1,173,395	712,358	(461,037)
0	0	0	(826,886)	(768,421)	58,465
5,176,000	8,185,485	3,009,485	4,376,509	7,468,937	3,092,428
(2,145,913)	186,893	2,332,806	(9,522,287)	(1,413,780)	8,108,507
1,326,285	1,326,285	0	15,803,792	15,803,792	0
875,130	875,130	0	2,550,822	2,550,822	0
$55,502	$2,388,308	$2,332,806	$8,832,327	$16,940,834	$8,108,507

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, 2001

	Proprietary Fund Types		Fiduciary Fund Type	
	Enterprise	Internal Service	Nonexpendable Trust	Totals (Memorandum Only)
Operating Revenues:				
Charges for Services	$3,520,030	$61,497	$0	$3,581,527
Special Assessments	331,102	0	0	331,102
Intergovernmental	2,039,379	0	0	2,039,379
Other Operating Revenues	88,566	8,400	0	96,966
Total Operating Revenues	5,979,077	69,897	0	6,048,974
Operating Expenses:				
Personal Services	3,834,132	55,426	0	3,889,558
Contractual Services	1,125,533	700	0	1,126,233
Materials and Supplies	434,767	0	0	434,767
Other Operating Expenses	72,990	0	0	72,990
Depreciation	551,637	0	0	551,637
Total Operating Expenses	6,019,059	56,126	0	6,075,185
Operating Income (Loss)	(39,982)	13,771	0	(26,211)
Non-Operating Revenues (Expenses):				
Tap-In Fees	64,285	0	0	64,285
Interest Income	18,396	0	0	18,396
(Loss) on Disposal of Fixed Assets	(1,734)	0	0	(1,734)
Interest and Fiscal Charges	(375,221)	0	0	(375,221)
Total Non-Operating Revenues (Expenses)	(294,274)	0	0	(294,274)
Income (Loss) Before Operating Transfers	(334,256)	13,771	0	(320,485)
Operating Transfers - In	641,435	0	0	641,435
Operating Transfers - Out	(585,372)	0	0	(585,372)
Net Income (Loss)	(278,193)	13,771	0	(264,422)
Depreciation on Fixed Assets Acquired by Contributed Capital	2,810	0	0	2,810
Retained Earnings at Beginning of Year	10,388,129	1,073,272	70,787	11,532,188
Retained Earnings at End of Year	10,112,746	1,087,043	70,787	11,270,576
Contributed Capital at Beginning of Year	3,400	0	0	3,400
Depreciation on Contributed Capital	(2,810)	0	0	(2,810)
Contributed Capital at End of Year	590	0	0	590
Total Fund Equity at End of Year	$10,113,336	$1,087,043	$70,787	$11,271,166

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, 2001

	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	$6,268,610	$69,947	$0	$6,338,557
Cash Paid To Employees	(3,849,330)	(55,120)	0	(3,904,450)
Cash Paid for Goods and Services	(1,667,157)	0	0	(1,667,157)
Net Change in Deposits	1,875	0	0	1,875
Net Cash Provided by Operating Activities	753,998	14,827	0	768,825
Cash Flows from Investing Activities:				
Interest Received on Investments	18,396	0	0	18,396
Net Cash Provided by Investing Activities	18,396	0	0	18,396
Cash Flows from Financing Activities:				
Proceeds of Notes	950,000	0	0	950,000
Principal Payments	(1,879,881)	0	0	(1,879,881)
Interest Paid	(369,126)	0	0	(369,126)
Purchase of Fixed Assets	(1,222,644)	0	0	(1,222,644)
Net Cash Provided by Financing Activities	(2,521,651)	0	0	(2,521,651)
Cash Flows from Noncapital Financing Activities:				
Tap-In Fees	64,285	0	0	64,285
Operating Transfer - In	641,435	0	0	641,435
Operating Transfer - Out	(585,372)	0	0	(585,372)
Net Cash Provided by Noncapital Financing Activities	120,348	0	0	120,348
Net Increase (Decrease) in Cash	(1,628,909)	14,827	0	(1,614,082)
Cash, Beginning of Year	5,226,929	1,071,084	70,787	6,368,800
Cash, End of Year	$3,598,020	$1,085,911	$70,787	$4,754,718
Cash Per Combined Balance Sheet:				
Equity with County Treasurer in Pooled Cash and Investments	$2,944,484	$1,085,911	$3,293,623	$7,324,018
Cash with Fiscal Agent	35,301	0	286,820	322,121
Cash with Fiscal Agent-Restricted	618,235	0	0	618,235
Agency & Expendable Trust Funds Cash and Cash with Fiscal Agents	0	0	(3,509,656)	(3,509,656)
	$3,598,020	$1,085,911	$70,787	$4,754,718
Reconciliation of Net Income to Net Cash Provided by Operating Activities:				
Operating Income/(Loss)	($39,982)	$13,771	$0	($26,211)
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:				
Depreciation Expense	551,637	0	0	551,637
Net (Increase) Decrease in Accounts Receivable	359,019	50	0	359,069
Net (Increase) Decrease in Assessments Receivable	(6,283)	0	0	(6,283)
Net (Increase) Decrease in Due from Governments	(69,486)	0	0	(69,486)
(Increase) Decrease in Prepaid Items	(1,699)	0	0	(1,699)
(Increase) Decrease in Inventories	(55,612)	0	0	(55,612)
Increase (Decrease) in Accounts Payable	23,444	700	0	24,144
Increase (Decrease) in Accrued Wages and Benefits	(147,249)	(82)	0	(147,331)
Increase (Decrease) in Compensated Absences Payable	50,841	0	0	50,841
Increase (Decrease) in Due to Other Governments	81,210	388	0	81,598
Increase (Decrease) in Deferred Revenue	6,283	0	0	6,283
Increase (Decrease) in Deposits Held	1,875	0	0	1,875
Total Adjustments	793,980	1,056	0	795,036
Net Cash Provided by Operating Activities	$753,998	$14,827	$0	$768,825

See accompanying notes to the general purpose financial statements.

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, 2001.

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, and has been combined with the Logan County Board of MRDD in the Component Units column of the financial statements. Complete financial statements for RTC Industries, Inc. may be obtained from the administrative offices at 36 County Road 32, Bellefontaine, Ohio 43311.

NOTE 1 - REPORTING ENTITY (Continued)

JOINTLY GOVERNED ORGANIZATIONS

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

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. 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 is comprised 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:

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 projects 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

ACCOUNT GROUPS: **(Continued)**

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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, 2001, but are intended to finance 2001 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETARY DATA (Continued)

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 2001.

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.

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 2001 totaled $1,325,160. Investments are reported at fair value (see footnote 4). All coupon bearing instruments include the cost of accrued interest paid until such time as the first coupon comes due. Premiums paid for coupon bearing investments are amortized using the straight line method; discounts are not amortized. An analysis of the Treasurer's investment account at year-end is provided in Note 4.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2001, the County incurred expenditures of $21,415 in providing these services, and recognized revenues of $20,883 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:

Description	Estimated Life
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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 5.

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, 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.

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 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits and Deficits in Retained Earnings:

The following individual fund balances/retained earnings at December 31, 2001:

Fund	Deficit
Capital Projects	$3,093,874

The capital projects fund deficit resulted from the County's policy to utilize short-term bond anticipation notes. The County has obtained reduced interest expense and additional flexibility through the use of short-term debt. However, fund deficits have resulted since short-term debt is reported within the associated fund rather than in the general long-term debt account group.

NOTE 4 - 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.

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 a "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); and

NOTE 4 - EQUITY WITH COUNTY TREASURER (Continued)

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 $26,609,310 and the bank balance, including non-negotiable certificates of deposit and the amount of deposits representing custodial funds described in Note 1 was $27,161,648. Of the bank balance:

1. $1,148,150 was covered by federal depository insurance; and

2. $ 26,013,498 was covered by collateral held by third party trustee 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.

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, 2001, the County's investments were as follows:

	Category 1	Category 2	Category 3	Fair Value
Repurchase Agreements	$ -	$ -	$ 425,000	$ 425,000
U. S. Government Securities	-	-	3,102,286	3,102,286
Other Investments	-	-	314,326	314,326
Amounts Held in Escrow by Trustee for Refunding Bond Issue	-	618,235	-	618,235
Total Investments	$ -	$618,235	$3,841,612	$4,459,847

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

NOTE 4 - EQUITY WITH COUNTY TREASURER (Continued)

	Equity with County Treasurer	Investments
Per Combined Balance Sheet	$ 31,078,682	$ -
Less: Cash on Hand	(9,525)	
Reclassifications:		
Repurchase Agreements	(425,000)	425,000
U.S. Government Securities	(3,102,286)	3,102,286
Escrows Amounts Held in Trust	(618,235)	618,235
Other Investments	(314,326)	314,326
Per GASB 3	$ 26,609,310	$ 4,459,847

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the County's operating transfers for 2001.

Fund	Transfers In	Transfers Out
General Fund	-	$379,136
Special Revenue Funds:		
Public Assistance	139,156	-
Dog and Kennel	25,000	
Logan County MR/DD		260,000
Victim Witness Assistance	16,832	-
Litter Fund	129,285	-
Logan County Waste Disposal		129,285
Logan County Community Support	75,000	-
Emergency Management	21,155	-
Total Special Revenue Funds	406,428	389,285
Debt Service Fund		
Engineer and Library Bond Retirement Fund	120,445	-
Total Debt Service Fund	120,445	-
Capital Projects Funds:		
MR/DD Capital Fund	185,000	-
Laughlin Construction	485	-
Total Capital Projects Funds	185,485	-
Enterprise Funds:		
County Water and Sewer Line Bond Ret.	56,063	-
Indian Lake Replacement	50,000	-
Indian Lake WPC Fund	-	585,372
Indian Lake WPC Bond Retirement	535,372	-
Total Enterprise Funds	641,435	585,372
Totals	$1,353,793	$1,353,793

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 2001 taxes were collected was $784,989,655. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2001, was $9.45 per $1,000 of assessed valuation.

Real property taxes for tax year 2001 are payable annually or semi-annually. If paid annually, payment is due February 10, 2001. If paid semi-annually, the first payment is due February 10, 2001 and the remainder payable by July 20, 2001. 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 taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

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

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year end. Since the current levy is not intended to finance 2001 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 2001 are shown as 2001 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, 2001 follows:

	Sewer	County Home	Hazmat	Total
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	3,260,184	406,680	9,601	3,676,465
Sewer Infrastructure	12,373,453	-	-	12,373,453
	$20,953,432	$1,556,028	$9,601	$22,519,061
Accumulated Depreciation:				
Buildings	$ 3,510,979	$846,555	$ -	$4,357,534
Vehicles	248,054	29,408	-	277,462
Machinery and Equipment	2,907,931	203,213	5,707	3,116,851
Sewer	2,092,694	-	-	2,092,694
	$8,759,658	$1,079,176	$5,707	$9,844,541
Net Book Value	$12,193,774	$476,852	$3,894	$12,674,520

A summary of changes in general fixed assets follows:

	Balance January 1, 2001	Additions	Disposals	Balance December 31, 2001
Land and Buildings	$ 20,410,992	$ 3,155,182	$ -	$ 23,566,174
Machinery and Equipment	6,465,868	960,394	2,893	7,423,369
Vehicles	3,214,806	847,434	-	4,062,240
Construction in Progress	1,521,033	(1,179,788)	-	341,245
	$31,612,699	$3,783,222	$2,893	$35,393,028

A summary of changes in component units fixed assets follows:

	Balance January 1, 2001	Additions	Disposals	Balance December 31, 2001
Machinery and Equipment	$26,218	$ -	$8,415	$17,803
	$26,218	$ -	$8,415	$17,803

NOTE 8 - CONTRIBUTED CAPITAL

The County's 2001 activity related to contributed capital is summarized below:

Contributed Capital at January 1, 2001	$ 3,400
Depreciation on Fixed Assets Acquired by Contributed Capital	(2,810)
Contributed Capital at December 31, 2001	$ 590

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, 2001 vested benefits for governmental fund type, and proprietary fund type employees totaled $102,844 and $208,185, respectively. In accordance with GASB No. 16, a liability of $856,215 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 $1,167,244.

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.

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, 2001:

Year Ending December 31,	Capital Lease
2002	$38,219
2003	38,219
2004	38,219
2005	$38,219
Minimum Lease Payments	152,876
Less amount representing interest at the Financial Condition's incremental borrowing rate of interest	(20,442)
Present value of minimum lease payments	$132,434

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, 2001, are summarized below:

	General Obligation Bonds Governmental Purposes	Special Assessment Bonds Proprietary Purposes	Revenue Bonds Supported By Enterprise Revenues	OWDA Loan Supported By Enterprise Revenues	Compensated Absences	Capital Leases	Totals
Debt principal outstanding January 1, 2001	$1,085,000	$930,000	$3,325,000	$1,543,991	$781,016	$0	$7,665,007
Debt principal issued in 2001	-	-	-	-	856,215	170,653	1,026,868
Debt principal retired in 2001	(55,000)	(155,000)	(435,000)	(89,881)	(781,016)	(38,219)	(1,554,116)
Debt principal outstanding Dec. 31, 2001	$1,030,000	$ 775,000	$ 2,890,000	$ 1,454,110	$ 856,215	$132,434	$7,137,759

NOTE 10 - DEBT OBLIGATIONS (Continued)

B. The following is a description of the bonds that were outstanding as of December 31, 2001:

Description	Issue Date	Interest Rate %	Original Amount	Outstanding Amount	Maturity Date
General Long-Term Obligations Account Group					
Highway Garage General Obligation Bonds	6-94	4.5%	$1,350,000	$1,030,000	6-2014
Enterprise Fund Long-Term Debt					
Sanitary Sewer Special Assessment Bonds	6-86	7.75%	$3,160,000	$775,000	12-2006
Sanitary Sewer Revenue Refunding Bonds	8-92	2.55% to 5.75%	$5,570,000	$2,400,000	12-2006
Sewer and Water Revenue Bonds	6-94	3.9%	$650,000	$490,000	12-2006
OWDA Loan	7-92	5.2%	$2,093,142	$1,454,110	1-2013

On August 18, 1992, the County issued $5,570,000 sanitary sewer system revenue refunding bonds for fourteen years with interest rates ranging from 2.55% to 5.75% to advance refund $4,235,000 in sanitary sewer system revenue bonds and $750,000 in sewer improvement general obligation notes. A portion of the net proceeds amounting to $4,076,111 and the 1986 Series reserve and bond funds, amounting to $682,609, were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the sewer system improvement general obligation bonds, respectively. As a result, the 1986 series sewer system revenue bonds are considered to be defeased and the liability for those bonds has been removed in 1992 from the sewer funds. At December 31, 2001, $2,400,000 of the bonds outstanding are considered defeased.

The sewer system revenue refunding bonds pledge sewer fund income to pay debt service. The bond indenture has certain restrictive covenants which principally require that the bond reserve accounts be maintained and charges for services to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture. In addition, special provisions exist regarding covenant violations, redemptions of principal, and maintenance of properties.

In conjunction with the issuance of the sewer system revenue refunding bonds, the County entered into a trust agreement with a commercial bank. The trust agreement, along with the bond indenture, require that the County establish various accounts for the repayment of debt. The restricted assets in the sewer fund are held by the trustees in accordance with the trust agreements. Restricted assets relating to the sewer revenue bonds consisted of the following at December 31, 2001:

Restricted assets held by the trustee for Revenue Bond Future Debt Service	$618,235

NOTE 10 - DEBT OBLIGATIONS (Continued)

A portion of the bonds maturing on or after December 1, 2003, are subject to optional redemption at the direction of the County, either in whole or in part in integral multiples of $5,000 on any June 1 or December 1, commencing December 1, 2002, at the redemption prices (expressed as percentages of the principal amount redeemed) set for below:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2002 through November 30, 2003	102%
December 1, 2003 through November 30, 2004	101%
December 1, 2004 and thereafter	100%

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

	General Obligation Bonds Governmental Purposes	**Special Assessment Bonds Proprietary Purposes**	**Revenue Bonds Supported By Enterprise Revenues**	**OWDA Loan Supported By Enterprise Revenues**	**Totals**
2002	$117,530	$215,063	$ 617,963	$ 169,586	$1,120,142
2003	114,560	203,050	628,823	169,586	1,116,019
2004	116,535	191,038	622,103	169,586	1,099,262
2005	118,145	179,025	613,768	169,586	1,080,524
2006	119,408	167,012	613,793	169,586	1,069,799
Thereafter	943,437	-	449,373	1,102,311	2,495,121
Total	1,529,615	955,188	3,545,823	1,950,241	7,980,867
Less Amount Representing Interest	499,615	180,188	655,823	496,131	1,831,757
Principal	$ 1,030,000	$ 775,000	$2,890,000	$ 1,454,110	$6,149,110

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, 2001, the trustee had accumulated $618,235 toward the redemption of these bonds.

NOTE 10 - DEBT OBLIGATIONS (Continued)

D. The following is a summary of note payable transactions of the County for the year ended December 31, 2001:

	Capital Projects	Enterprise Fund
Notes Payable at January 1, 2001	$4,000,000	$1,200,000
Debt Issued	8,000,000	950,000
Debt Retired	(4,000,000)	(1,200,000)
Notes Payable at December 31, 2001	$ 8,000,000	$950,000

The notes bear interest rates at December 31, 2001 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.

NOTE 11 - 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, 2001 follows:

	Sewer Operations Fund	**County Home Fund**	**Hazmat Team Fund**	**Total**
Operating Revenue	$ 2,056,995	$ 3,921,407	$ 675	$5,979,077
Operating Expenses before Depreciation	879,344	4,578,521	9,557	5,467,422
Depreciation Expense	489,540	61,137	960	551,637
Operating Income (Loss)	688,111	(718,251)	(9,842)	(39,982)
Net Income (Loss) before Operating Transfers	395,571	(719,985)	(9,842)	(334,256)

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Operating Transfers In	641,435	-	-	641,435
Operating Transfers Out	(585,372)	-	-	(585,372)
Net Income (Loss)	451,634	(719,985)	(9,842)	(278,193)
Net Working Capital	1,340,417	595,968	3,306	1,939,691
Property, Plant and Equipment (addition)	1,181,081	41,563	-	1,222,644
Property, Plant and Equipment (Net of Accumulated Depreciation)12,193,774	476,853	3,893	12,674,520	
Long Term Debt	5,119,110	-	-	5,119,110
Total Assets	15,934,991	1,564,733	12,742	17,512,466
Total Equity	9,033,316	1,072,821	7,199	10,113,336

NOTE 12 - DEFINED PENSION PLANS

A. <u>PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)</u>

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 2001 was 8.5% for employees other than law enforcement. Law enforcement employees contribute 9.0% of covered salary. The employer contribution rate was 13.55% of covered payroll, 9.25% was the portion used to fund pension obligations for 2001. The law enforcement employer rate was 16.70% of covered payroll and 12.40% was the portion used to fund pension obligations for 2001. The County's contributions for pensions obligations to PERS for the years ended December 31, 2001, 2000 and 1999 were $2,143,139, $1,045,345, and $1,873,162, respectively; 89.27% has been contributed for 2001 and 100% for 2000 and 1999. $237,403, representing the unpaid contribution for 2001, is recorded as a liability within the respective funds.

NOTE 12 - DEFINED PENSION PLANS (Continued)

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, 2001, 2000, and 1999 were $98,211, $96,296, and $90,225, respectively; 89.55% has been contributed for 2001 and 100% for the years 2000 and 1999. $10,774 representing the unpaid contribution for 2001, 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 retirants 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. The employer contribution rate was rolled back for the year 2001. For state employers the rate was 10.65% of covered payroll; 4.30% was the portion used to fund health care for the year. The 2001 employer contribution rate for local government employers units the rate was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for the year 2001. The law enforcement employer rate for 2001 was 15.7% and 4.3% 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.

NOTE 12 - DEFINED PENSION PLANS (Continued)

C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

PERS:

OPEB are financed through employer contributions and investment earnings there on. the contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

As of December 31, 2000, the unaudited estimated net assets available for future OPEB payments were $11,735.9 million. The number of benefit recipients eligible for OPEB at December 31, 2000 was 411,076.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal costs rates were determined for retiree health care coverage.

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.

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, 2001, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. As of June 30, 2001, eligible benefit recipients totaled 102,132. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were $300,772,000.

NOTE 13 - 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:

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	General	Special Revenue	Capital Projects
Budget Basis	($441,045)	($1,180,935)	$186,893
Net Adjustments Revenue & Other Sources	3,202	345,887	528,612
Proceeds of Notes	-	-	(8,000,000)
Net Adjustment for Expenditures	21,712	106,560	3,238,083
Encumbrances	535,307	866,103	3,395,488
GAAP Basis	$119,176	$ 137,615	($650,924)

There were no differences between GAAP basis and budget basis for debt service fund or expendable trust fund.

NOTE 14 - 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.

NOTE 15 - 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, 2001.

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 16 - 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 17 - COMPONENT UNIT'S CONDENSED FINANCIAL STATEMENTS

	Ross Training Center
Revenues	$255,187
Expenditures	(227,814)
Excess (deficiency) of revenue over (under) expenditures	$27,373
Unrealized loss on Investment	(51,252)
Excess of revenues and other financing sources over (under) expenditures and other uses	($23,879)

NOTE 18 - SIGNIFICANT CONTRACTUAL OBLIGATIONS

The County has several continuing contracts with construction contractors. Of the total amounts authorized by the Commissioners, the following amounts remain unspent from the Capital Projects Fund, for construction of the Juvenile Facility Project as of December 31, 2001:

Vendor	Original Contract	Expended to Date	Balance Remaining
Construction of Juvenile Facility			
Humble Construction	$ 1,822,576	$ 177,159	$ 1,645,417
Lippincott Plumbing and Heating	838,221	76,560	761,661
Ohio Plumbing and Electrical Inc.	317,500	38,199	279,301
Sidney Electric 511,605	511,605	23,179	488,426
Vulcan Enterprise	50,997	-	50,997
Squire, Sanders, and Dempsey	20,000	10,002	9,998
Wachtel & Mcanally	75,000	8,000	67,000
Total	$3,635,899	$333,099	$3,302,800

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLES

Changes in Accounting Principles For fiscal year 2001, the County has implemented GASB Statement Number 33, "*Accounting and Financial Reporting for Nonexchange Transactions*", and GASB Statement No. 36, "*Recipient Reporting for Certain Shared Nonexchange Revenues*". The implementation of GASB Statements No. 33 and 36 did not result in any prior period balance restatements.

Logan County Financial Condition
Logan County

Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U. S. Department of Housing & Urban Development			
Passed through the Ohio Department of Development			
Community Develpment Block Grants		14.228	
1999 CHIP Grant	G00475 & 468		120,876
1999 Formula Grant	G00494		80,768
2000 Formula Grant	G10416		22,900
2001 CHIP Grant	G20535		10,000
1999 Microenterprise Grant	G00928		46,500
Total Community Development Block Grant			281,044
Home Investment Partnership Program	(1)	14.239	154,285
Roadwork Development Program	910171	14.xxx	56,525
Total U. S. Department of Housing & Urban Development			491,854
U. S. Department of Labor			
Passed through the Ohio Department of Job & Family Services			
Workforce Investment Act Cluster:			
Workforce Investment Act - Adult Program	(1)	17.258	78,696
Workforce Investment Act - Youth Allocation	(1)	17.259	82,745
Workforce Investment Act - Dislocated Workers	(1)	17.260	62,222
Total Workforce Investment Act Cluster:			223,663
Total U. S. Department of labor			223,663
U. S. Department of Justice			
Passed through the Ohio Attorney General's Office			
Crime Victim Assistance	(1)	16.575	44,914
U. S. Department of Transportation			
Passed through the Ohio Department of Transportation			
Rural Transit Capital Program	(1)	20.xxx	25,392
Highway Planning & Construction	01N063 & 01N003	20.205	1,183,272
Federal Transit Formula Grant	(1)	20.507	132,146
Hazardous Materials Emergency Preparedness Grant	(1)	20.703	350
Total U. S. Department of Transportation			1,341,160
Federal Emergency Management Assistance Act			
Passed through the Ohio Department of Public Safety			
Emergency Management Performance Grant	(1)	83.552	21,351
U.S. Department of Education			
Passed through the State Department of MRDD			
Special Education Cluster:			
Special Education - Grants to States	6B-SF-2001P	84.027	54,070
Special Education - Preschool Grants	PG-S1-2001P	84.173	36,525
Total Special Education Cluster			90,595
Total U. S. Department of Education			90,595
U.S. Department of Health & Human Services			
Passed through the State Department of MRDD			
Social Services Block Grant - Title XX	(1)	93.667	44,742
Medical Assistance Program - CAFS	(1)	93.778	307,044
Total U. S. Department of Health & Human Services			351,786
Total Federal Financial Assistance			$2,565,323

(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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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, 2001, in which we indicated the County had changed its method of accounting for non-exchange transactions, and have issued our report thereon dated May 24, 2002. 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 and 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 24, 2002.

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 24, 2002.

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 24, 2002

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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, 2001. 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 item 2001-001 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with the requirement regarding Activities Allowed or Unallowed that is applicable to its Workforce Investment Act Grant. Compliance with such requirement 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, 2001.

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.

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 24, 2002

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2001

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; Medical Assistance Program, CFDA #93.778 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?	Yes

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

LOGAN COUNTY FINANCIAL CONDITION
LOGAN COUNTY
DECEMBER 31, 2001

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	2001-001
CFDA Title and Number	Workforce Investment Act Cluster CFDA #17.258, 17.259 and 17.260
Federal Award Number/Year	2001
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs 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
2001-001	The County is currently working toward establishing individual training accounts with their local Workforce Policy Board.	December 31, 2002	Job & 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, 2001

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; *Explain:*
2000-1	ORC, Section 135.341	Yes	
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.
2000-3	Reconciliation of Treasurer's Bank Accounts	Yes	
2000-4	Fixed Asset System	Yes	

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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FINANCIAL CONDITION

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 23, 2002